

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets and government bond yields mixed, while the USD trades with few changes. Investors trimmed bets of a Fed rate cut in March, although taking news out of China with a positive view
- In China, it is expected that the government announces more forceful measures to support financial markets. In particular, regulators would be meeting with President Xi Jinping today, which suggest that these actions are a priority for authorities
- Local markets were closed yesterday due to a holiday. In this backdrop, January's US ISM manufacturing indicator stood at 53.4pts, surprising to the upside. Earlier today, the Eurozone's retail sales fell 1.1% m/m in December
- On the monetary front, attention to comments from Mester, Kashkari, Collins, and Harker, this after comments yesterday which maintained a hawkish tilt. In Brazil we will have the minutes from the last decision. Yesterday, the RBA left its reference rate unchanged at 4.35%, although not ruling out further hikes
- Attention this week on Banxico's monetary policy decision. We expect an unchanged reference rate at 11.25%. Nevertheless, we also see adjustments in the forward guidance ahead of a potential rate cut in the March meeting. US data includes only the trade balance (Dec). In other regions, we highlight industrial production (Dec) in Germany; consumer credit (Dec) in the Eurozone; and consume prices (Jan) in China and Brazil. In Mexico, we estimate January's inflation at 0.93% m/m, above consensus at 0.88%. Other releases include industrial production (Dec)

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	Retail sales* - Dec	% m/m	--	-0.1	-0.3
<b>Brazil</b>					
6:00	COPOM minutes				
<b>United States</b>					
12:00	Fed's Mester Speaks on Economic Outlook				
13:00	Fed's Kashkari Participates in Moderated Discussion				
14:00	Fed's Collins Delivers Opening Remarks at Labor Market Conference				
19:00	Fed's Harker Speaks on on Fed's Role in Economy				
<b>Mexico</b>					
12:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 20-year Mbono (Nov'42), 10-year Udibono (Nov'31) and 2-, 5-, and 10-year Bondes F				
15:30	Survey of expectations (Citibanamex)				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; \* Seasonally adjusted, \*\* Seasonally adjusted annualized rate.

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### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	4,956.00	-0.1%
Euro Stoxx 50	4,664.00	0.2%
Nikkei 225	36,160.66	-0.5%
Shanghai Composite	2,789.49	3.2%
<b>Currencies</b>		
USD/MXN	17.10	-0.1%
EUR/USD	1.07	-0.1%
DXY	104.58	0.1%
<b>Commodities</b>		
WTI	73.18	0.5%
Brent	78.47	0.6%
Gold	2,026.02	0.0%
Copper	377.70	0.1%
<b>Sovereign bonds</b>		
10-year Treasury	4.16	0pb

Source: Bloomberg

## Equities

- Mixed movements in equity markets as investors digest corporate results with a positive bias, although with divergent signals. Out of the 34 S&P500 companies scheduled to report today, 13 have already updated investors with most outperforming estimates, including Eli Lilly & Co.
- In Asia the markets closed mixed, with China's index up on speculation of a greater effort by authorities to support the market. In Europe advances predominate, the Eurostoxx rises 0.2%. BP shares climb on buyback plans (amounting to ~US\$3.5 billion), while UBS stocks fall on disappointing results. In turn, in the US the futures of main indices point to a slightly negative opening (-0.1% on average)
- In Mexico, Volaris's passenger drop was accentuated in January, affected by the NEO aircraft maintenance stoppage. The Mexbol will resume trading after yesterday's holiday

## Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds with modest losses in Europe and gains in the US, although the 10-year reference remains at 4.16%. The Mexican bonds resume trading after holiday and we expect a negative bias given the high correlation with Treasuries that recorded losses of 13bps yesterday
- Dollar with few changes amid mixed performance in developed and emerging currencies. In the former group, AUD (+0.2%) and CHF (-0.2%) are at the extremes. In the latter, MXN is trading at 17.10 per dollar (+0.1%), extending the gains from the previous session (+0.2%)
- Crude-oil futures advance as US pledges more strikes against Iranian forces and Yemen's Houthi rebels attack more ships in Red Sea. In metals, gold trades steady, while copper and aluminum record modest gains

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	38,380.12	-0.7%
S&P 500	4,942.81	-0.3%
Nasdaq	15,597.68	-0.2%
IPC	58,226.77	0.0%
Ibovespa	127,593.49	0.3%
Euro Stoxx 50	4,655.27	0.0%
FTSE 100	7,612.86	0.0%
CAC 40	7,589.96	0.0%
DAX	16,904.06	-0.1%
Nikkei 225	36,354.16	0.5%
Hang Seng	15,510.01	-0.2%
Shanghai Composite	2,702.19	-1.0%
<b>Sovereign bonds</b>		
2-year Treasuries	4.47	11pb
10-year Treasuries	4.16	14pb
28-day Cetes	11.15	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.18	0pb
10-year Mbono	9.29	0pb
<b>Currencies</b>		
USD/MXN	17.12	-0.2%
EUR/USD	1.07	-0.4%
GBP/USD	1.25	-0.8%
DX	104.45	0.5%
<b>Commodities</b>		
WTI	72.78	0.7%
Brent	77.99	0.9%
Mexican mix	67.78	0.0%
Gold	2,025.11	-0.7%
Copper	377.15	-1.3%

Source: Bloomberg

## Corporate Debt

- This week, we expect the auction of two social bonds by Nacional Financiera for an amount of up to MXN 15.0 billion
- S&P Global Ratings affirmed Daimler Mexico's long-term debt ratings at 'mxAAA'. The ratings are based on the irrevocable and unconditional guarantees provided by Daimler Truck Holding AG
- S&P Global Ratings downgraded Metrofinanciera's mortgage-backed bonds with ticker MFCB 05U to 'D (sf)' from 'mxCC (sf)'. The downgrade follows the default in the interest payment on the February 1<sup>st</sup>, 2024 coupon date

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