Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today...

- **Stock markets biased positive, with some Asian markets closed on Lunar New Year Holidays, government bond yields up and USD slightly up, with investors cautious awaiting annual CPI revisions in the US on scarce economic data that may help today to define the timing for rate cuts**

- **Markets' attention is focused on some corporate earnings, US CPI revisions and comments from Logan from Federal Reserve, seeking further signals for upcoming FOMC decisions**

- **Donald Trump won the Nevada caucuses, which continues to indicate that the former president could obtain the majority of the delegates required for his nomination as the Republican candidate on March 19th, long before the National party convention**

- **President Joe Biden will host German Chancellor Olaf Scholz at the White House**

- **Regarding economic figures, in Mexico, INEGI published December's industrial production at -0.7% m/m (0.0% y/y). Weakness centered in manufacturing (-1.2%), albeit with construction also negative (-0.6%). On the contrary, mining rose 1.4%**

- **December's wage negotiations will be released later**

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Winners of the 2023 award for best Mexico economic, forecasters, granted by Focus Economics

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Consumer prices - Jan (F)	% y/y	--	2.9	2.9
Mexico					
7:00	Industrial production - Dec	% y/y	1.2	1.2	2.8
7:00	Industrial production* - Dec	% m/m	-0.1	-0.3	-1.0
7:00	Manufacturing output - Dec	% y/y	-1.8	-1.8	-0.3
	Wage negotiations - Dec	%	--	--	9.0

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,025.25	0.1%
Euro Stoxx 50	4,714.70	0.1%
Nikkei 225	36,897.42	0.1%
Shanghai Composite	2,865.90	0.0%
Currencies		
USD/MXN	17.11	-0.2%
EUR/USD	1.08	0.0%
DXY	104.20	0.0%
Commodities		
WTI	76.23	0.0%
Brent	81.54	-0.1%
Gold	2,031.73	-0.1%
Copper	369.80	-0.1%
Sovereign bonds		
10-year Treasury	4.17	1pb

Source: Bloomberg

Equities

- **Stock markets show small changes, although a positive bias prevails, while in the US the main indices continue to set new highs. This, in the face of corporate reports that underpin a resilient economy and positive expectations for earnings**

- **As such, futures anticipate an upward opening with the S&P500 trading 0.1% above its theoretical value, after yesterday even having reached 5,000pts intraday. In corporate news, Pepsico's guidance on revenue disappointed, while the report shows some mixed signals, which is not being well received by the market**

- **The reporting season continues to move forward with a skewed balance on the positive side. We have ~66% of the reports of companies in the S&P500 and a cumulative increase in earnings of 5.2% vs 1.2%e. The positive surprise rate remains at 79.5% vs. 81.9% in the previous quarter**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. 10-year European rates adjust up to +3bps. Meanwhile, Treasuries' curve loses 2bps. Yesterday, Mbonos' curve registered a steepening bias with gains of 5bps at the short- and mid-end, while the long-end adjusted -3bps**

- **The dollar remains stable, while the developed currencies trade in positive territory with NZD (+0.7%) leading the gains. In EM, the bias is mixed with CLP (-0.4%) and RUB (-0.3%) at the extremes. The MXN appreciates 0.1% trading at 17.13 per dollar, after losing 0.6% yesterday**

- **Crude-oil futures are set to close the week with gains of more than 5.0% after the Israeli Prime Minister dismissed a potential cease-fire with Hamas. In this sense, Brent and WTI are trading at 81.5 and 76.2 $/bbl, respectively. Metals trade with mixed bias highlighting silver (+0.5%) and platinum (-0.7%)**

Corporate Debt

- **Fitch Ratings assigned an 'AAA(mex)' national rating to SCOTIAB 24 and SCOTIAB 24-2 bank notes. The issuances are intended to be made under the communicating vessel mechanism, for an aggregate target amount of MXN 5 billion, which may be increased to a maximum amount of up to MXN 10 billion. The term of the series 24 will be approximately three years and referenced to the ON-TIIE, while the series 24-2 will be for seven years and at a fixed rate**

- **Fibra Uno informed that it successfully completed the placement of the first green unsecured bond issued by a Mexican Real Estate Trust in the international markets. This bond was issued for US$600 million, with a coupon of 7.375% and a maturity of 10 years**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,726.33	0.1%
S&P 500	4,997.91	0.1%
Nasdaq	15,793.71	0.2%
IPC	57,762.44	-1.6%
Ibovespa	128,216.92	-1.3%
Euro Stoxx 50	4,710.78	0.7%
FTSE 100	7,595.48	-0.4%
CAC 40	7,665.63	0.7%
DAX	16,963.83	0.2%
Nikkei 225	36,863.28	2.1%
Hang Seng	15,878.07	-1.3%
Shanghai Composite	2,865.90	1.3%
Sovereign bonds		
2-year Treasuries	4.45	3pb
10-year Treasuries	4.15	3pb
28-day Cetes	11.25	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.10	-4pb
10-year Mbono	9.26	-3pb
Currencies		
USD/MXN	17.15	0.6%
EUR/USD	1.08	0.1%
GBP/USD	1.26	-0.1%
DXY	104.17	0.1%
Commodities		
WTI	76.22	3.2%
Brent	81.63	3.1%
Mexican mix	71.50	3.2%
Gold	2,034.52	0.0%
Copper	370.20	-0.9%

Source: Bloomberg

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