

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, government bond yields mixed, and the USD with small changes, with investors awaiting key inflation figures on the producer side in the US and comments from Fed speakers that may help to shed some certainty on future actions from the central bank
- On economic data, attention on January's PPI in the US –this after consumer prices surprised to the upside earlier in the week–, with consensus expecting +0.1% m/m. In addition, we expect January's building permits and housing starts, along February's U. of Michigan confidence
- On the monetary policy front, we will be pay attention to comments from Barkin, Barr and Daly, considering Bostic's remarks yesterday where he argued that there is no urgency to cut rates. In the Eurozone, comments are more diverse, with Schnabel reaffirming that it is still early to start cuts, while Villeroy stated that officials should not wait too long to reduce rates. Meanwhile, Japan's Governor Ueda explained that the BoJ will continue to evaluate data regarding whether a gradual recovery in activity continues, this as GDP fell in 2H23.
- Travel related to China's lunar new year celebrations gave signs that consumption increased despite low confidence and price deflation. In the first six days of the holidays, more than 61 million rail trips were made, an increase of 61% vs. 2023
- In other news, Russian opposition leader Alexey Navalny, 47 years-old, died in prison. In 2018 he was banned from competing in the presidential elections and last August he was sentenced to 19 years in prison. The US and EU had called for his release

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Housing starts** - Jan	thousands	--	1,458	1,460
8:30	Building permits** - Jan	thousands	--	1,514	1,493
8:30	Producer prices* - Jan	% m/m	--	0.1	-0.2
8:30	Ex. food & energy* - Jan	% m/m	--	0.1	-0.1
9:10	Fed's Barr Speaks on Bank Supervision				
10:00	U. of Michigan Confidence* - Feb (P)	index	81.0	80.0	79.0
12:10	Fed's Daly Speaks at NABE Conference				

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.
Equity indices		
S&P 500 Futures	5,055.50	0.2%
Euro Stoxx 50	4,773.32	0.6%
Nikkei 225	38,487.24	0.9%
Shanghai Composite	2,865.90	0.0%
Currencies		
USD/MXN	17.03	-0.1%
EUR/USD	1.08	0.1%
DX	104.26	0.0%
Commodities		
WTI	77.35	-0.9%
Brent	82.05	-1.0%
Gold	2,007.19	0.1%
Copper	379.95	1.1%
Sovereign bonds		
10-year Treasury	4.26	3pb

Source: Bloomberg

Equities

- Broad-based upward movements, underpinned by corporate reports that provide positive signals. Applied Materials gave a bullish revenue forecast, pointing to higher investments in new production from largest semiconductor companies
- With ~80% of the reports of S&P500 companies, there is an increase in earnings of 5.0% vs 1.2%e. The positive surprise rate stands at 78.1%. Archer-Daniels-Midland, PPL Corp and Vulcan Materials report today
- In corporate news from Mexico, Femsa announced to continue underpinning its growth strategy and deliver greater value to shareholders, with dividends to be proposed that represent a yield of 3.1%. Lab reported preliminary figures for 4Q23, weaker than expected, due to the peso devaluation effects in Argentina. And Pinfra reported another record quarter, surprising the advances in profitability

Sovereign fixed income, currencies and commodities

- Negative performance in sovereign bonds. 10-year European rates adjust up to +4bps. Meanwhile, Treasuries' curve loses 3bps on average. Yesterday, Mbonos' curve registered a flattening bias with marginal losses at the short-end and gains of 3bps at the long-end. The 10-year benchmark, Nov'34, closed at 9.23% (-2bps)
- The dollar remains unchanged, while the developed currencies are trading mixed with JPY (-0.2%) and NOK (+0.1%) at the extremes. In EM, the bias is also mixed bounded by RUB (-0.9%) and THB (+0.4%). The MXN depreciates 0.1% trading at 17.05 per dollar, after gaining 0.3% yesterday
- Crude-oil futures fall about 1.0%, as the downward adjustment in the demand estimate offsets a bullish mood across broader markets. In this sense, Brent and WTI are trading at 82.2 and 77.5 \$/bbl, respectively. Metals trade positive highlighting copper (+1.1%)

Corporate Debt

- Today, two tap issues from Cemex, CEMEX 23L / 23-2L (Sustainability-linked bonds), will be auctioned for a target amount of MXN 4.5 billion (max. MXN 9.0 billion) and 2.7- and 6.7-year terms
- Also, two banking bonds of Latin American Trade Bank, BLADEX 24 / 23-3 (tap issue), will be auctioned for a target amount of MXN 2.0 billion (max. MXN 3.0 billion) and 3- and 5.6-year terms
- Genera informed that its subsidiary, Compartamos Financiera placed 70 million soles (MXN 309 million), through a public issuance in the Peruvian debt market. The issuance has a 1-year term, with a 5.84375% rate, and had a 2.05x oversubscription

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,773.12	0.9%
S&P 500	5,029.73	0.6%
Nasdaq	15,906.17	0.3%
IPC	57,251.89	0.0%
Ibovespa	127,804.13	0.6%
Euro Stoxx 50	4,743.17	0.7%
FTSE 100	7,597.53	0.4%
CAC 40	7,743.42	0.9%
DAX	17,046.69	0.6%
Nikkei 225	38,157.94	1.2%
Hang Seng	15,944.63	0.4%
Shanghai Composite	2,865.90	0.0%
Sovereign bonds		
2-year Treasuries	4.57	0pb
10-year Treasuries	4.23	-3pb
28-day Cetes	11.07	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.16	1pb
10-year Mbono	9.25	-2pb
Currencies		
USD/MXN	17.04	-0.3%
EUR/USD	1.08	0.4%
GBP/USD	1.26	0.3%
DX	104.30	-0.4%
Commodities		
WTI	78.03	1.8%
Brent	82.86	1.5%
Mexican mix	73.03	1.3%
Gold	2,004.40	0.6%
Copper	375.80	1.6%

Source: Bloomberg

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