Economic and Financial Markets Research
Economic Research and Market Strategy

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Main drivers for the financial markets today...

- **Stock markets mixed, government bond yields lower, and USD biased stronger. Weak retail sales in China in November and the persistent contraction of the Eurozone's private sector limited optimism in said regions, while investors are waiting of several central bank decisions**

- **The agenda for the rest of the session includes PMIs in the US (Dec), along with the Empire manufacturing for the same month. Locally, Banxico will release its expectations survey**

- **Market attention this week on the last monetary policy decisions of the year in several regions. We note the Fed, estimating a 25bps cut towards 4.25% - 4.50%, in line with analysts and market expectations. Nevertheless, there are more doubts about possible changes to the dot plot. For 2025, it currently implies accumulated cuts of 100bps, suggesting a gradual approach to easing**

- **On the other hand, we will also know Banxico's decision. We anticipate a 25bps cut to 10.00%. Although this outlook is aligned with most analysts, the market is discounting a more aggressive cut of 50bps given the progress seen in the disinflationary process**

- **Decisions will also be held in Japan, UK, Sweden, Norway, Russia, Hungary, Thailand, Indonesia, Morocco, Philippines, Czech Republic, Chile, and Colombia. China's PBoC will announce 1- and 5-year loan prime rates**

- **The rest of the US agenda includes 3Q24 GDP (3rd estimate), housing permits & starts, existing home sales, retail sales, industrial production, personal income & spending, PCE deflator (Nov) and the Philly Fed indicator (Dec)**

- **In Mexico, we will know 3Q24 aggregate supply and demand, retail sales (Oct), the Timely Indicator of Economic Activity (Dec), and the banking sector expectations survey**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Empire manufacturing* - Dec	index	--	10.0	31.2
9:45	Manufacturing PMI* - Dec (P)	index	--	49.5	49.7
9:45	Services PMI* - Dec (P)	index	--	55.7	56.1
9:45	Composite PMI* - Dec (P)	index	--	55.1	54.9
Mexico					
10:00	Survey of expectations (Banxico)				

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	6,141.50	0.3%
Euro Stoxx 50	4,947.70	-0.4%
Nikkei 225	39,457.49	0.0%
Shanghai Composite	3,386.33	-0.2%
Currencies		
USD/MXN	20.16	0.2%
EUR/USD	1.05	0.0%
DXY	106.99	0.0%
Commodities		
WTI	70.59	-1.0%
Brent	73.87	-0.8%
Gold	2,661.80	0.5%
Copper	414.85	0.0%
Sovereign bonds		
10-year Treasury	4.37	-3pb

Source: Bloomberg

Equities

- **Negative bias in the main indices, reflecting caution among investors who are assessing recent economic data and awaiting monetary policy decisions in coming days. Towards the end of the week, we expect higher volatility due to the last Triple Witching Day of the year**

- **US futures anticipate a positive opening, with the Nasdaq up 0.4% from its theoretical value, shaping up to surpass Friday's all-time high. Particularly, MicroStrategy is up more than 5.4% pre-market as it will be included in the Nasdaq 100 and is expected to benefit from the recent rise in the price of Bitcoin. Europe trades lower and Asia closed with losses after weak economic data**

- **In Mexico, we foresee a trading range for the Mexbol Index towards year-end between 50,500 and 53,000pts**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. Ten-year rates in Europe drop by 2bps on average. Meanwhile, the US Treasury curve gains between 1 to 3bps. Last week, Mbonos had a steepening bias with gains of 3pbs at the short-end and losses of 14bps at the long-end**

- **USD mixed against G10 currencies, with SEK (+0.3%) and NOK (-0.3%) at the extremes. In EM, the bias is negative, with BRL (-0.6%) and CLP (-0.6%) being the weakest. The MXN depreciates 0.2% to 20.16 per dollar**

- **Negative performance in commodities. Crude-oil futures fall by nearly 1% after economic data from China showed weakening demand from the world's largest oil importer. Industrial metals are down, but precious metals are up**

Corporate Debt

- **This week we expect the auction of two long-term bonds by Banobras. The auction will take place for an amount of MXN 17.0 billion and the assigned local scale ratings were 'AAA' by Fitch Ratings, Moody's Local México and S&P Global Ratings**

- **HR Ratings downgraded Hospitales MAC's rating to 'HR A' from 'HR A+' with Stable outlook. The rating considers the decrease in its free cash flow within the final months of 2024**

- **HR Ratings affirmed Fibra Shop's rating at 'HR AA', modifying the outlook to Stable from Positive. The rating action considers the strengthening of the balance sheet observed in the last twelve months on the back of its portfolio expansion strategy**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	43,828.06	-0.2%
S&P 500	6,051.09	0.0%
Nasdaq	19,926.72	0.1%
IPC	51,619.75	0.7%
Ibovespa	124,612.22	-1.1%
Euro Stoxx 50	4,967.95	0.0%
FTSE 100	8,300.33	-0.1%
CAC 40	7,409.57	-0.2%
DAX	20,405.92	-0.1%
Nikkei 225	39,470.44	-1.0%
Hang Seng	19,971.24	-2.1%
Shanghai Composite	3,391.88	-2.0%
Sovereign bonds		
2-year Treasuries	4.24	5pb
10-year Treasuries	4.40	7pb
28-day Cetes	10.01	1pb
28-day TIIE	10.44	0pb
2-year Mbono	9.58	10pb
10-year Mbono	10.12	10pb
Currencies		
USD/MXN	20.13	-0.5%
EUR/USD	1.05	0.3%
GBP/USD	1.26	-0.4%
DXY	107.00	0.0%
Commodities		
WTI	71.29	1.8%
Brent	74.49	1.5%
Mexican mix	66.23	1.6%
Gold	2,648.23	-1.2%
Copper	419.70	-1.1%

Source: Bloomberg

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Ana Laura Zaragoza Félix, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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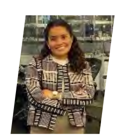

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