Financial Markets Daily

December 20, 2024

Main drivers for the financial markets today…

- Stock markets negative, USD and government bond yields down with investors continuing to assimilate a less accommodative narrative from the Fed, as well as the risk of a political impasse on the budget in the US that could lead to a government shutdown

- The House of Representatives failed to pass a spending bill on Thursday night, after 38 Republicans joined almost all Democrats in rejecting a Trump-backed proposal that included suspending the debt limit for two years. The bill would have funded the government until March 14. The defeat is seen as a demonstration of the limits of the next president's power. Given this situation, we are very close (12:01am on Saturday) to a shutdown, a closure of non-priority government operations

- The economic figures agenda in the US includes the November personal income and spending report, with special attention on the PCE price deflators and the final figure on consumer sentiment from the University of Michigan for December

- On the monetary policy front, the decision in Colombia will be announced –a 50bps cut is expected–

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com

www.banorte.com/analisiseconomico
@analisis_fundam

Winners of the award as the best economic forecasters in Mexico by LSEG in 2023

LSEG STARMINE
AWARD FOR
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Economic Indicators
for Mexico 2023

Document for distribution among public

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Personal income* - Nov	% m/m	--	0.4	0.6
8:30	Personal spending* - Nov	% m/m	--	0.5	0.4
8:30	Real personal spending* - Nov	% m/m	--	0.3	0.1
8:30	PCE Deflator* - Nov	% m/m	--	0.2	0.2
8:30	Core* - Nov	% m/m	--	0.2	0.3
8:30	PCE Deflator - Nov	% y/y	--	2.5	2.3
8:30	Core - Nov	% y/y	--	2.9	2.8
10:00	U. of Michigan confidence* - Dec (F)	index	--	74.2	74.0
Eurozone					
10:00	Consumer confidence* - Dec (P)	index	--	-14.0	-13.7
Colombia					
13:00	Monetary policy decision (BanRep)	%	--	9.25	9.75

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	5,882.25	-0.9%
Euro Stoxx 50	4,812.47	-1.4%
Nikkei 225	38,701.90	-0.3%
Shanghai Composite	3,368.07	-0.1%
Currencies		
USD/MXN	20.21	-0.5%
EUR/USD	1.04	0.3%
DXY	108.09	-0.3%
Commodities		
WTI	68.93	-1.4%
Brent	72.47	-0.6%
Gold	2,602.81	0.3%
Copper	402.05	0.0%
Sovereign bonds		
10-year Treasury	4.54	-2pb

Source: Bloomberg

Equities

- Negative moves in the main stock markets where the technology sector faces questions about whether its rally can be sustained in a higher rates environment for next year, despite a resilient American economy

- As a result, US futures are negatively affected. The Nasdaq is 1.5% below its theoretical value, dragged down by the big technology companies Tesla and Nvidia, while the S&P500 and Dow Jones fall 0.9% and 0.5% before the opening

- In the same sense, the Eurostoxx falls 1.6%, highlighting the fall of the manufacturer of drugs for the treatment of obesity Novo Nordisk (-16%) due to disappointing results in its trials. Asia also closed negatively, highlighting the drop of the Nikkei of 0.3% and the Hang Seng of 0.2%

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. Ten-year rates in Europe are up by +1bp. Meanwhile, the US Treasury curve records gains of 1bp to 5bps, with better performance at the shorter-end. Yesterday, Mbonos printed an adjustment of +11bps

- USD negative against G10 currencies, with CHF (+0.6) being the strongest. In EM, the bias is positive, with BRL (+1.1%) leading the gains. The MXN appreciates 0.5% to 20.22 per dollar, extending the previous day's gains (+0.3%)

- Mixed performance in commodities. Crude-oil futures fall by 0.8%, with investors weighing a slower monetary easing cycle from the Fed and Trump's tariff threats. Industrial metals are up, with copper and aluminum rising by 0.3% and 0.6%, respectively

Corporate Debt

- S&P Global Ratings downgraded Grupo GICSA´s rating to 'SD' from 'mxCC'. The downgrade is based on the restructuring of their issuances, GICSA 16U and GICSA 18U, given that for the agency it is equivalent to a default

- Fitch Ratings affirmed Grupo Aeroportuario del Centro Norte's (OMA) long- and short-term ratings at 'AAA(mex)' and 'F1+(mex)' respectively. The ratings reflect the risk related to its operation and its dependence on low cost airlines

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,342.24	0.0%
S&P 500	5,867.08	-0.1%
Nasdaq	19,372.77	-0.1%
IPC	49,254.47	-1.4%
Ibovespa	121,187.91	0.3%
Euro Stoxx 50	4,879.00	-1.6%
FTSE 100	8,105.32	-1.1%
CAC 40	7,294.37	-1.2%
DAX	19,969.86	-1.3%
Nikkei 225	38,813.58	-0.7%
Hang Seng	19,752.51	-0.6%
Shanghai Composite	3,370.03	-0.4%
Sovereign bonds		
2-year Treasuries	4.32	-4pb
10-year Treasuries	4.56	5pb
28-day Cetes	9.88	13pb
28-day TIIE	10.43	1pb
2-year Mbono	9.79	22pb
10-year Mbono	10.33	11pb
Currencies		
USD/MXN	20.31	-0.3%
EUR/USD	1.04	0.1%
GBP/USD	1.25	-0.6%
DXY	108.41	0.4%
Commodities		
WTI	69.91	-0.9%
Brent	72.88	-0.7%
Mexican mix	64.65	-1.1%
Gold	2,594.01	0.3%
Copper	407.70	-1.9%

Source: Bloomberg

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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.
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Directory
Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251

Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957

Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438

Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 – 2250

Hugo Armando Gómez Solís
Senior Strategist, Equity
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296

Gerardo Daniel Valle Trujillo
Senior Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Ana Laura Zaragoza Félix
Strategist, Corporate Debt
ana.zaragoza.felix@banorte.com
(55) 1103 - 4000

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060

Quantitative Analysis

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608

José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000

Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904

Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430

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