Financial Markets Daily

January 6, 2025

Main drivers for the financial markets today…

- Stock markets higher, government bond yields biased lower, and USD down. Investors react to a report that President-elect Trump is considering a universal tariff plan that would only apply to critical imports. In addition, positive news about the tech sector as Microsoft announced its plans to spend US$80 billion in data centers, and China's PMI services surprised to the upside

- The agenda for the rest of the session includes November's factory orders in the US. In addition, Lisa Cook from the Fed will speak about the economic outlook and financial stability

- Market attention this week will be on the US employment report for December. Consensus expects 160k new jobs, decelerating relative to the 227k positions added in the previous month. The unemployment rate would remain unchanged at 4.2%. Moreover, on the minutes from the Fed and Banxico. The overall tone in the former has shifted to a more cautious stance regarding cuts ahead. In the latter, an easing bias persists, with discussions about a potential acceleration in the pace

- On monetary policy, decisions in Israel and Peru. On the other hand, the ECB will release its survey of 1- and 3-year inflation expectations and there will be a series of speeches from Fed members

- The rest of the US agenda includes the trade balance, JOLTS job openings, consumer credit (Nov), ISM services, ADP employment (Dec), and U. of Michigan consumer confidence (Jan)

- In Mexico, December's consumer confidence stood at 47.1pts. Moreover, inflation for the same month and November's industrial production

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

LSEG STARMINE
AWARD FOR REUTERS POLLS
Best Forecaster
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for Mexico 2023

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	6,033.00	0.7%
Euro Stoxx 50	4,972.75	2.1%
Nikkei 225	39,307.05	-1.5%
Shanghai Composite	3,206.92	-0.1%
Currencies		
USD/MXN	20.43	-1.0%
EUR/USD	1.04	0.9%
DXY	107.99	-0.9%
Commodities		
WTI	74.37	0.6%
Brent	76.92	0.5%
Gold	2,642.84	0.1%
Copper	415.15	1.9%
Sovereign bonds		
10-year Treasury	4.59	-1pb

Source: Bloomberg

The most relevant economic data…

Event/Period		Unit	Banorte	Survey	Previous
Mexico					
7:00	Consumer confidence* - Dec	index	--	--	47.7
Germany					
8:00	Consumer prices - Dec (P)	% y/y	--	2.3	2.2
United States					
9:45	Services PMI* - Dec (F)	index	--	--	58.5
9:45	Composite PMI* - Dec (F)	index	--	--	56.6
10:00	Factory orders* - Nov	% m/m	--	-0.3	0.2
10:00	Ex transportation* - Nov	% m/m	--	--	0.1
10:00	Durable goods orders* - Nov (F)	% m/m	--	-0.3	-1.1
10:00	Ex transportation* - Nov (F)	% m/m	--	0.3	-0.1

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

Equities

- **The week starts with gains in main stock indices driven by the tech sector due to corporate news that reflects interest in AI**

- **US futures are pointing to a positive open, with the Nasdaq trading 1.0% above its theoretical value. Semiconductor companies such as Nvidia (+2.1%) and AMD (+3.0%) advance the announcement that Microsoft will invest US$80 billion in data centers. In addition, Foxconn reported revenues that exceeded market expectations due to the strong demand for AI servers**

- **In Europe, the Eurostoxx is up 2.1%, supported by ASML (+5.7%), which posted its biggest daily gain since last October. Asia closed negative, with the Nikkei down 1.5% and the Hang Seng adjusting 0.4%**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. Ten-year rates in Europe range between ±2bps. Meanwhile, the US Treasury curve records limited gains between 1bp and 2bps, with a stronger performance at the belly. Last week, Mbonos adjusted -2bps**

- **USD lower against G10 currencies, with AUD (+1.0%) as the strongest. In EM, the bias is positive, with emerging Europe leading gains. The MXN appreciates 1.0% to 20.43 per dollar**

- **Positive performance in commodities. Crude-oil futures rise 0.6%, trading near October highs driven by a price increase in crude from Saudi Arabia, following signs of supply shortages in the Middle East market. Metals are up, with copper and gold increasing by +1.9% and +0.1%, respectively**

Corporate Debt

- **FEMSA announced that it completed the previously announced transaction to divest its plastic solutions operations with AMMI. The transaction was for a total amount of MXN 3.6 billion, net of cash and debt**

- **S&P Global Ratings affirmed Vinte's 'BB-' global scale and 'mxA-' national scale ratings and removed them from the CreditWatch list, assigning a Positive outlook. The rating action considers that, the company's financial position will improve after the acquisition of Javer**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,732.13	0.8%
S&P 500	5,942.47	1.3%
Nasdaq	19,621.68	1.8%
IPC	48,957.24	-1.6%
Ibovespa	118,532.68	-1.3%
Euro Stoxx 50	4,871.45	-0.9%
FTSE 100	8,223.98	-0.4%
CAC 40	7,282.22	-1.5%
DAX	19,906.08	-0.6%
Nikkei 225	39,894.54	0.0%
Hang Seng	19,760.27	0.7%
Shanghai Composite	3,211.43	-1.6%
Sovereign bonds		
2-year Treasuries	4.28	4pb
10-year Treasuries	4.60	4pb
28-day Cetes	10.05	3pb
28-day TIIE	10.33	-15pb
2-year Mbono	9.91	5pb
10-year Mbono	10.42	7pb
Currencies		
USD/MXN	20.63	0.1%
EUR/USD	1.03	0.4%
GBP/USD	1.24	0.3%
DXY	108.95	-0.4%
Commodities		
WTI	73.96	1.1%
Brent	76.51	0.8%
Mexican mix	68.51	1.0%
Gold	2,640.22	-0.7%
Copper	407.35	1.2%

Source: Bloomberg

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