

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets to the upside, government bond yields with a positive bias, and the USD slightly lower. Investors continue to incorporate the expectation of an increase in trade tensions following the rejection of a report that said that Trump would be willing to moderate his policies on this front
- Regarding economic figures, in the Eurozone, December's inflation accelerated marginally to 2.4% –in line with expectations–, with the core unchanged at 2.7%. Meanwhile, the unemployment rate for the region in November was unchanged at 6.3%. In the US, we will be watching the trade balance and the JOLTS report for the penultimate month of 2024, as well as ISM services for December. In Mexico, we await the private sector expectations survey
- The US announced the addition of two more firms to its list of 'Chinese Military Companies', these being Tencent (the world's largest video game developer) and CATL (one of Tesla's key battery suppliers). While this does not imply sanctions for the firms, it does warn US companies from doing deals with them
- Following Justin Trudeau's resignation as Prime Minister in Canada, former Bank of Canada and Bank of England governor Mark Carney could be shaping up to be the new PM. However, another possible candidate includes former Finance Secretary Chrystia Freeland
- Representatives of US East Coast dockworkers will meet with the employers' group to discuss a new collective bargaining agreement, with the threat of a strike on January 15th still looming

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer prices - Dec (P)	% y/y	--	2.4	2.2
5:00	Core - Dec (P)	% y/y	--	2.7	2.7
5:00	Unemployment rate* - Nov	%	--	6.3	6.3
United States					
8:00	Fed's Barkin Speaks to Raleigh Chamber				
8:30	Trade balance* - Nov	US\$bn	--	-78.5	-73.8
10:00	JOLTS Job Openings - Nov	thousands	--	7,700	7,744
10:00	ISM services* - Dec	index	--	53.5	52.1
Mexico					
10:00	International reserves - Jan 3	US\$bn	--	--	228.8
12:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 10-year Mbono (Nov'34), 3-year Udibono (Dec'26) and 2-, 5- and 10-year Bondes F				

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

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



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	6,026.75	0.1%
Euro Stoxx 50	5,014.65	0.6%
Nikkei 225	40,083.30	2.0%
Shanghai Composite	3,229.64	0.7%
Currencies		
USD/MXN	20.31	0.0%
EUR/USD	1.04	0.2%
DX	108.09	-0.2%
Commodities		
WTI	74.05	0.7%
Brent	76.92	0.8%
Gold	2,648.19	0.4%
Copper	418.05	0.5%
Sovereign bonds		
10-year Treasury	4.64	1pb

Source: Bloomberg

Equities

- Positive bias in the main stock markets. In that sense, investors are weighing the prospects of lower interest rates and some positive news regarding AI companies, although trade risks from the US continue to prevail
- US futures anticipate a flat opening, however, Nvidia is up more than 1.9% pre-market after announcing new chips. Europe trades with gains and the Eurostoxx is up 0.6%. Asia closed with a positive bias, highlighted by a 0.7% rise in the Shanghai
- In Mexico, Asur reported that total passenger traffic increased 2.3% y/y in December, while Gap registered an increase of 2.9% y/y. On the other hand, Gcc concluded with the acquisition of aggregates operations in Texas for ~US\$100 million, which, although it seems to be insignificant for results, is a positive step to diversify products and expand in the region

Sovereign fixed income, currencies and commodities

- In Europe, 10-year rates rise 2bps, on average. Meanwhile, the Treasuries' curve steepens due to modest gains at the short-end and losses of 2bps at long-end. Yesterday, Mbonos printed gains of 2bps. The 10-year benchmark (Mbono Nov'34) closed virtually unchanged at 10.38%
- Dollar retreats against most all G10 currencies, except for JPY (-0.1%) and CHF (-0.2%). In EM, the bias is positive; with Asian currencies leading (+0.7%). Meanwhile, the MXN trades with few changes at 20.31 per dollar
- Crude-oil rebounds around 1.0% following signs of a tighter market. At the same time, Russian data show that its crude production was below its OPEC+ output target last month, another sign of limited supplies. Widespread gains, with gold and nickel rising 0.4% and 0.9%, respectively

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,706.56	-0.1%
S&P 500	5,975.38	0.6%
Nasdaq	19,864.98	1.2%
IPC	49,493.55	1.1%
Ibovespa	120,021.52	1.3%
Euro Stoxx 50	4,986.64	2.4%
FTSE 100	8,249.66	0.3%
CAC 40	7,445.69	2.2%
DAX	20,216.19	1.6%
Nikkei 225	39,307.05	-1.5%
Hang Seng	19,688.29	-0.4%
Shanghai Composite	3,206.92	-0.1%
Sovereign bonds		
2-year Treasuries	4.27	0pb
10-year Treasuries	4.63	3pb
28-day Cetes	10.04	-1pb
28-day TIIE	10.28	-5pb
2-year Mbono	9.86	-5pb
10-year Mbono	10.42	0pb
Currencies		
USD/MXN	20.32	-1.5%
EUR/USD	1.04	0.8%
GBP/USD	1.25	0.8%
DX	108.26	-0.6%
Commodities		
WTI	73.56	-0.5%
Brent	76.30	-0.3%
Mexican mix	68.27	-0.4%
Gold	2,636.47	-0.1%
Copper	416.15	2.2%

Source: Bloomberg

Corporate Debt

- PCR Verum affirmed Compañía Minera Autlán's long-term corporate ratings at 'A/M' with Stable outlook and short-term rating at '1/M'. The rating action considers its debt refinancing, its gradual operational recovery, the actions taken to strengthen its profitability and the reduction of its leverage levels
- Fitch Ratings downgraded Grupo Televisa's long-term national ratings to 'AA+(mex)' from 'AAA(mex)'. At the same time, downgraded its international ratings to 'BBB-' from 'BBB'. The outlook is Negative. The downgrade reflects its decline in revenues and EBITDA in 2024, as well as the challenges the company is facing to stabilize its operating trend

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