BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

# Financial Markets Daily

## Main drivers for the financial markets today...

- **Stock markets mixed, with government bond yields and the USD on the rise. Fragility in risk appetite remains after yesterday's figures in the US that triggered a sharp sell-off in rates. Moreover, investors are also processing headlines indicating that Trump is evaluating declaring a national emergency to implement his tariff program**

- **On the economic agenda, in the US, the ADP employment report for December and the initial jobless claims for the first week of January stand out, while in the afternoon we will be looking into the Fed's minutes and November's consumer loans. In the evening, China's December inflation will be published. German factory orders for November fell to a three-month low at -5.4% m/m (consensus: -0.2%). Meanwhile, December's consumer confidence in France fell to its lowest level of the year (89pts). These add to more evidence that Europe's largest economies are struggling to grow**

- **On the political front, in Germany, conservative Friedrich Merz, the favorite to become the next chancellor, will define his campaign strategy, which will likely include a tougher stance on migration. Brazil is considering additional spending cuts to address investor concerns about fiscal responsibility and growing public debt. Finance Minister Fernando Haddad is working on a second spending cut package**

- **China will subsidize more consumer products and boost loans for industrial equipment upgrades aiming to lift domestic consumption. Meanwhile, the PBoC set its yuan at the highest level since April**

### The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|---|---|---|---|---|---|
| ***Eurozone*** | | | | | |
| **5:00** | Consumer confidence* - Dec (F) | index | -- | -- | -14.5 |
| **5:00** | Economic confidence* - Dec | index | -- | 95.6 | 95.8 |
| ***Brazil*** | | | | | |
| **7:00** | Industrial production - Nov | % y/y | -- | 1.4 | 5.8 |
| **7:00** | Industrial production* - Nov | % m/m | -- | -0.7 | -0.2 |
| ***United States*** | | | | | |
| **8:00** | Fed's Waller Gives Speech on Economic Outlook | | | | |
| **8:15** | ADP employment* - Dec | % y/y | -- | 140 | 146 |
| **8:30** | Initial jobless claims* - Jan 4 | thousands | -- | 215 | 211 |
| **14:00** | FOMC Meeting Minutes | | | | |
| **15:00** | Consumer credit* - Nov | US$bn | -- | 10.5 | 19.2 |
| ***China*** | | | | | |
| **20:30** | Consumer prices - Dec | % y/y | -- | 0.1 | 0.2 |

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

**January 8, 2025**


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LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster Economic Indicators for Mexico 2023

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### A glimpse to the main financial assets

| | Last | Daily chg. |
|---|---|---|
| ***Equity indices*** | | |
| S&P 500 Futures | 5,933.25 | -0.4% |
| Euro Stoxx 50 | 4,980.56 | -0.6% |
| Nikkei 225 | 39,981.06 | -0.3% |
| Shanghai Composite | 3,230.17 | 0.0% |
| ***Currencies*** | | |
| USD/MXN | 20.45 | 0.6% |
| EUR/USD | 1.03 | -0.4% |
| DXY | 109.26 | 0.7% |
| ***Commodities*** | | |
| WTI | 74.82 | 0.8% |
| Brent | 77.45 | 0.5% |
| Gold | 2,651.00 | 0.1% |
| Copper | 418.40 | -0.3% |
| ***Sovereign bonds*** | | |
| 10-year Treasury | 4.72 | 3pb |

Source: Bloomberg

## Equities

- **Mixed equity markets with a negative bias. Particularly, in the US, futures anticipate a lower opening with an average decline of 0.2%, which could extend yesterday's losses**

- **In Europe, we observe losses averaging close to 0.3% in the main indices. The Eurostoxx falls, pressured by declines in the Consumer Discretionary sector, although partially offset by the advance in Technology. In Mexico, the Mexbol Index could consolidate near 49,900 points**

- **In Asia, closes were mostly negative, highlighting the 0.9% adjustment of the Hang Seng. In corporate news, Samsung shares rose 3.4% despite reporting lower-than-expected results, due to higher investments in AI that could generate long-term profits**

## Sovereign fixed income, currencies and commodities

- **The bias toward pressures persists in sovereign bonds, with the UST curve extending yesterday's steepening. In Europe, 10-year benchmarks average a 3bps sell-off. The UK sees adjustments of up to +10bps, hitting highs not seen since 2008. In the US, the curve moves up to +4bps in the long-end. Yesterday, local rates appreciated ~5bps**

- **The USD maintains a strengthening bias. All G10 currencies are down, with GBP (-1.1%) leading losses, while the bias in EM is also broadly negative, deepening declines amid trade-related concerns. The MXN depreciates by 0.7% to 20.47**

- **Oil advances just under 1%, with today's focus on DOE inventory data, as the API anticipates a drawdown. Metals show mixed performance with limited moves, copper trending lower and gold edging higher**

## Corporate Debt

- **In 2024, MXN 198.0 billion were placed in the long-term market, -0.1% lower than in 2023. We highlight that 48.6% of the amount was issued through floating rate bonds, followed by fix rate (37.4%) and real fix rate (14.0%)**

- **In January we expect the auction of two bonds by Grupo Aeroportuario del Pacífico, GAP 25 and the tap issue GAP 22-2, with a target amount of MXN 5.0 billion. The issuances ratings are 'mxAAA' by S&P Global Ratings and 'AAA.mx' by Moody's Local**

**Previous closing levels**

| | Last | Daily chg. |
|---|---|---|
| ***Equity indices*** | | |
| Dow Jones | 42,528.36 | -0.4% |
| S&P 500 | 5,909.03 | -1.1% |
| Nasdaq | 19,489.68 | -1.9% |
| IPC | 50,085.50 | 1.2% |
| Ibovespa | 121,162.66 | 1.0% |
| Euro Stoxx 50 | 5,011.82 | 0.5% |
| FTSE 100 | 8,245.28 | -0.1% |
| CAC 40 | 7,489.35 | 0.6% |
| DAX | 20,340.57 | 0.6% |
| Nikkei 225 | 40,083.30 | 2.0% |
| Hang Seng | 19,447.58 | -1.2% |
| Shanghai Composite | 3,229.64 | 0.7% |
| ***Sovereign bonds*** | | |
| 2-year Treasuries | 4.29 | 2pb |
| 10-year Treasuries | 4.69 | 5pb |
| 28-day Cetes | 9.88 | -16pb |
| 28-day TIIE | 10.28 | 0pb |
| 2-year Mbono | 9.72 | -14pb |
| 10-year Mbono | 10.34 | -8pb |
| ***Currencies*** | | |
| USD/MXN | 20.33 | 0.0% |
| EUR/USD | 1.03 | -0.5% |
| GBP/USD | 1.25 | -0.3% |
| DXY | 108.54 | 0.3% |
| ***Commodities*** | | |
| WTI | 74.25 | 0.9% |
| Brent | 77.05 | 1.0% |
| Mexican mix | 68.96 | 1.0% |
| Gold | 2,648.59 | 0.5% |
| Copper | 419.55 | 0.8% |

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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| | **Reference** |
|---|---|
| **BUY** | When the share expected performance is greater than the MEXBOL estimated performance. |
| **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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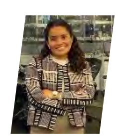

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