

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets higher, government bond yields mixed, and the USD lower, this after reports of a gradual deployment of tariffs by the new administration in the US
- According to several reports, advisors to Donald Trump would seek a gradual implementation to tariffs, looking to limit their effect on prices. Nevertheless, it is speculated that the proposal has not been yet shown to the future president
- On economic figures, in the US we will be looking into December's PPI, expecting some stability vs. the previous month. In addition, the World Bank will present its Global Economic Prospects. On the monetary front, we will have speeches from Schmid (Kansas City) and Williams (New York). Meanwhile, in Japan, government bond yields are trending higher after comments from Deputy Governor Ryozyo Himino that a hike could materialize next week. On other relevant events, today in South Korea the political trial on president Yoon Suk Yeol begins after the martial law decree he implemented. In addition, several European leaders will attend a NATO meeting to discuss security issues in the Baltic Sea
- In China, banks reported a decline in new loans in 2024, situation not seen since 2011, and consistent with the economic moderation in said country. Meanwhile, the PBoC reiterated its goal of keeping the yuan stable
- A preliminary report by Special Counsel Jack Smith, signals that Trump could have been convicted for trying to reverse the 2020 election results. Trump responded that he is "totally innocent". In other news, Israel and Hamas are nearing a temporary truce which would span 42 days and would involve the release of hostages by the Islamic group

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Producer prices* - Dec	% m/m	--	0.4	0.4
8:30	Ex. food & energy* - Dec	% m/m	--	0.3	0.2
10:00	Fed's Schmid Gives Remarks in Kansas City				
15:05	Fed's Williams Gives Opening Remarks				
Mexico					
10:00	International reserves - Jan 10	US\$bn	--	--	229.0
12:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Mar'29), 20-year Udibono (Nov'43) and 1-, 3- and 7-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	5,888.25	0.2%
Euro Stoxx 50	4,991.33	0.7%
Nikkei 225	38,474.30	-1.8%
Shanghai Composite	3,240.94	2.5%
Currencies		
USD/MXN	20.65	0.0%
EUR/USD	1.03	0.1%
DXY	109.65	-0.3%
Commodities		
WTI	78.62	-0.3%
Brent	80.64	-0.5%
Gold	2,668.31	0.2%
Copper	433.40	0.2%
Sovereign bonds		
10-year Treasury	4.79	1pb

Source: Bloomberg

Equities

- Positive movements in the indices, reflecting appetite for risk assets as investors prepare for the start of the earnings season, as well as the possibility of a more gradual US tariff approach
- US futures anticipate a positive opening and the Nasdaq increases 0.3%. In the same vein, Europe trades with gains and the Eurostoxx is climbing 0.7%, driven by the consumer discretionary sector. Asia closed with gains, highlighted by the Shanghai (+2.5%)
- Chedraui announced its 2025 guidance. For Mexico, it estimates growth in revenue between 7.5% and 8.5% y/y (SSS between 3.5% and 4.5%); for the US, it expects increase between 3.0% and 4.0% y/y (SSS between 2.0% and 3.0%). Regarding openings, it expect 140 new units in Mexico and 4 in the US. At a consolidated level, the forecast is a 10 to 20bp improvement in EBITDA margin

Sovereign fixed income, currencies and commodities

- In Europe, 10-year rates trade between -2bps and +2bps. Meanwhile, the Treasuries' curve steepens due to modest gains at the short-end and losses of 2bps at long-end. Yesterday, Mbonos recorded a sell-off of up to 10bps in the 10-year zone, with the Mbono Nov'34 closing at 10.37%
- Dollar retreats after five straight days of gains amid a mixed balance in G10 currencies, limited by JPY (-0.3%) and NZD (+0.2%). In EM, the bias is positive; with Asian currencies leading (+0.5%). Meanwhile, the MXN trades virtually unchanged at 20.65 per dollar
- Crude-oil declines from 5-month highs due to the progress in ceasefire talks between Hamas and Israel. Widespread gains in metals, with gold and copper rising 0.2% and 0.4%, respectively

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,297.12	0.9%
S&P 500	5,836.22	0.2%
Nasdaq	19,088.10	-0.4%
IPC	49,829.96	0.5%
Ibovespa	119,006.93	0.1%
Euro Stoxx 50	4,954.21	-0.5%
FTSE 100	8,224.19	-0.3%
CAC 40	7,408.64	-0.3%
DAX	20,132.85	-0.4%
Nikkei 225	39,190.40	0.0%
Hang Seng	18,874.14	-1.0%
Shanghai Composite	3,160.76	-0.2%
Sovereign bonds		
2-year Treasuries	4.38	0pb
10-year Treasuries	4.78	2pb
28-day Cetes	9.95	-3pb
28-day TIIE	10.24	-1pb
2-year Mbono	9.75	3pb
10-year Mbono	10.41	13pb
Currencies		
USD/MXN	20.65	-0.3%
EUR/USD	1.02	0.0%
GBP/USD	1.22	0.0%
DX	109.96	0.3%
Commodities		
WTI	78.82	2.9%
Brent	81.01	1.6%
Mexican mix	73.32	2.6%
Gold	2,663.16	-1.0%
Copper	432.55	0.5%

Source: Bloomberg

Corporate Debt

- El Puerto de Liverpool has mandated JPMorgan and BBVA as Global Coordinator; and BofA Securities, JPMorgan and Santander as joint book-running managers, to arrange the call of a dual series of Senior Unsecured debt with 7 and 12 years maturity. The proceeds from the issuance will be used to finance a portion of the merger with Nordstrom
- Fovissste informed that it will exercise its right to repurchase all of the Trust's assets backing its TFOVIS 14-3U issue, so that on January 27, 2025, the total prepayment of the certificates for UDIS 239.2 million will take place

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