Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today...

- **Stock markets positive, government bond yields negative, and the USD higher, with investors assimilating corporate earnings and data showing a sound economy but with room for cutting rates. Still, there is caution ahead of Donald Trump's inauguration on Monday**

- **On the economic agenda, the US will release some December's indicators for the real estate market, in addition to industrial production and manufacturing figures at the end of 2024. Also relevant, the IMF will publish its World Economic Outlook, with special attention to updates in GDP estimates**

- **According to the WSJ, Trump has already prepared about 100 executive orders, aiming to take action quickly after his inauguration, without having to wait for the Senate to implement migration and trade reforms**

- **Strong market expectations that the BoJ will raise interest rates next week have caused the yen strengthen**

- **President Biden is canceling $600 million in student loans, the final round of his administration's efforts to forgive this type of debt**

- **In the context of the ceasefire deal between Israel and Hamas, the Yemen-based Houthis signaled a pause in their attacks on commercial ships in the Red Sea. Vladimir Putin and his Iranian counterpart, Masoud Pezeshkian, will sign a new agreement today to deepen ties**

- **Mark Carney has resigned from all his corporate roles, including chair of Brookfield and Bloomberg, to run for the leadership of the Liberal Party of Canada and become the new PM**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Global					
9:00	IMF releases its World Economic Outlook				
Eurozone					
4:00	Current account* - Nov	EURbn	--	--	25.8
5:00	Consumer prices - Dec (F)	% y/y	--	2.4	2.4
5:00	Core - Dec (F)	% y/y	--	2.7	2.7
United States					
8:30	Housing starts** - Dec	thousands	--	1,325	1,289
8:30	Building permits** - Dec	thousands	--	1,460	1,493
9:15	Industrial production* - Dec	% m/m	0.2	0.3	-0.1
9:15	Manufacturing production* - Dec	% m/m	0.1	0.2	0.2

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


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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	5,995.50	0.3%
Euro Stoxx 50	5,145.38	0.8%
Nikkei 225	38,451.46	-0.3%
Shanghai Composite	3,241.82	0.2%
Currencies		
USD/MXN	20.83	-0.1%
EUR/USD	1.03	0.0%
DXY	108.99	0.0%
Commodities		
WTI	79.24	0.7%
Brent	81.68	0.5%
Gold	2,705.39	-0.3%
Copper	443.75	-0.1%
Sovereign bonds		
10-year Treasury	4.59	-2pb

Source: Bloomberg

Equities

- **Widespread gains in major indices. Futures in the US anticipate a positive opening, with the S&P500 trading 0.4% above its theoretical value, heading for the biggest weekly gain since last November. In the initial stage of the S&P500 earnings season, we have ~7% of the results and an increase in profits of 24.0% vs 7.5%e, with the positive surprise rate at 82.3%**

- **In Europe, we see gains driven by the expectation of the relevant merger in the mining sector by Glencore and Rio Tinto to rival titan BHP. In Asia, mixed closes are observed, highlighting the rise in the stock markets in China after the reported economic growth figures**

- **In Mexico, DIABLOS will propose a stock split of 100 new shares for 1 previous one, and a capital increase of up to MXN$133.5 million at a price of MXN$10.00 plus a subscription premium of MXN$6.50 per share**

Sovereign fixed income, currencies and commodities

- **Modest gains in sovereign bonds. The 10-year European rates decrease 4bps, on average. Meanwhile, the Treasuries' yield curve flattens due to more gains at the long-end of the curve of 4bps. Yesterday, Mbonos' curve recorded mixed adjustments, with the 10-year benchmark closing at 10.29% (-2bps)**

- **Dollar up against all G10 currencies, with NOK (-0.4%) as the weakest. In EM, the bias is mixed. Meanwhile, Mexican peso trades at 20.78 per dollar (+0.3%), partially offsetting yesterday's depreciation (-1.9%)**

- **Crude-oil futures headed for a fourth straight weekly gains as US sanctions posed growing risks to global supply in a market already tightening by cool weather. Widespread gains in industrial metals, and gold retreats 0.2%**

Corporate Debt

- **S&P Global Ratings affirmed long-term ratings in national scale at 'mxBBB' for Corporación A.G.F and Afirme Grupo Financiero with Negative outlook. The ratings reflect the likelihood that the group's internal capital generation recovery will take more time**

- **Fibra Uno announced the placement of two unsecured sustainability-linked bonds for an amount of US$800 million. The resources will be used for the early payment of a bond maturing in January 2026**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	43,153.13	-0.2%
S&P 500	5,937.34	-0.2%
Nasdaq	19,338.29	-0.9%
IPC	49,948.15	-0.6%
Ibovespa	121,234.14	-1.2%
Euro Stoxx 50	5,106.93	1.5%
FTSE 100	8,391.90	1.1%
CAC 40	7,634.74	2.1%
DAX	20,655.39	0.4%
Nikkei 225	38,572.60	0.3%
Hang Seng	19,522.89	1.2%
Shanghai Composite	3,236.03	0.3%
Sovereign bonds		
2-year Treasuries	4.23	-3pb
10-year Treasuries	4.61	-4pb
28-day Cetes	9.97	21pb
28-day TIIE	10.27	0pb
2-year Mbono	9.69	4pb
10-year Mbono	10.33	-2pb
Currencies		
USD/MXN	20.84	1.9%
EUR/USD	1.03	0.1%
GBP/USD	1.22	0.0%
DXY	108.96	-0.1%
Commodities		
WTI	78.68	-1.7%
Brent	81.29	-0.9%
Mexican mix	73.51	-0.9%
Gold	2,714.31	0.7%
Copper	444.10	1.2%

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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