

## Financial Markets Daily

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

- Stock markets mixed –with Asia and US futures higher but Europe lower–, the USD strengthens, and government bond yields are mixed, assimilating the first comments and actions from President Trump
- Following his inauguration yesterday, Trump signed a series of executive orders on several fronts, including energy, immigration, security, government operations, and trade. On this last point, the original order directed various government agencies to initiate investigations into the trade position with several countries. However, when asked by a reporter, Trump indicated that the 25% tariffs against Mexico and Canada (due to immigration and security issues) could go into effect as soon as February 1st
- On the economic agenda, today the World Economic Forum began in Davos. In addition, in Germany the ZEW expectations index fell in January to 10.3pts. In the UK, the unemployment rate in November increased by 10bps to 4.4%.
- Finally, in Mexico, retail sales for the eleventh month of 2024 contracted 0.1% m/m (-1.9% y/y), with declines in 6 of the 9 items that compose them. December's Timely Indicator of Economic Activity was also released, anticipating +0.4% m/m (1.1% y/y sa)
- On the monetary front, ECB Governing Council member Peter Kazimir noted that the institution may cut the rate three to four times in a row. Another member, Francois Villeroy commented that there are likely to be moves at each meeting that will take the rate to 2% by the summer

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
	World Economic Forum in Davos, Switzerland				
Germany and UK					
2:00	UK Unemployment rate* - Nov	%	--	4.4	4.3
5:00	GER ZEW Survey (Expectations) - Jan	index	--	15.1	15.7
Mexico					
7:00	Retail sales - Nov	% y/y	-0.3	-1.4	-1.2
7:00	Retail sales* - Nov	% m/m	-0.5	0.3	-0.3
7:00	Timely Indicator of Economic Activity* - Dec	% y/y	--	--	0.4
10:00	International reserves - Jan 17	US\$bn	--	--	228.9
12:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 20-year Mbono (Nov'42), 10-year Udibono (Aug'34) y 2- and 5-year Bondes F				
15:30	Citi Survey of Economists				

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

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**Alejandro Padilla Santana**  
Chief Economist and Head of Research  
alejandro.padilla@banorte.com



**Juan Carlos Alderete Macal, CFA**  
Executive Director of Economic Research and Market Strategy  
juan.alderete.macal@banorte.com



**Alejandro Cervantes Llamas**  
Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com



**Santiago Leal Singer**  
Director of Market Strategy  
santiago.leal@banorte.com



[@analisis\\_fundam](http://www.banorte.com/analiseconomico)

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.
<b>Equity indices</b>		
S&P 500 Futures	6,057.00	0.4%
Euro Stoxx 50	5,156.89	-0.1%
Nikkei 225	39,027.98	0.3%
Shanghai Composite	3,242.62	-0.1%
<b>Currencies</b>		
USD/MXN	20.71	1.0%
EUR/USD	1.04	-0.6%
DXY	108.67	-0.6%
<b>Commodities</b>		
WTI	76.13	-2.2%
Brent	78.89	-1.6%
Gold	2,726.55	0.7%
Copper	429.35	-1.7%
<b>Sovereign bonds</b>		
10-year Treasury	4.57	-5pb

Source: Bloomberg

## Equities

- Mixed movements in the main stock markets following Trump's inauguration. Particularly, appetite for risk assets in the US is seen with Nasdaq futures rising 0.5% above their theoretical value. At the market close, investors' attention will be on Netflix figures
- Europe trades with slight declines with the Eurostoxx falling 0.1%, dragged down by the materials and energy sectors. On the other hand, Asian stock markets closed mixed, although the Hang Seng rose 0.9% and the Nikkei 0.3%
- On the corporate front, of the 10 companies in the S&P500 that are due to publish results today, only 3 have already released better-than-expected results. In this regard, 3M (+1.6% in pre-market) indicated that it plans higher earnings in 2025, supported by new products and cost control measures

## Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. Ten-year rates in Europe fluctuate by  $\pm 2$ bps. Meanwhile, the US Treasury curve flattens with a 2bps gain at the short-end and a -6bps adjustment at the long-end. Yesterday, Mbonos averaged gains of 9bps
- USD positive against all G10 currencies, with NOK (-1.0%) leading the losses. In EM, the bias is also negative. The MXN is the weakest in the group, depreciating 1.0% to 20.71 per dollar, erasing part of the previous day's gains (+1.4%)
- Crude-oil futures fall by ~2% following revisions to US energy policy by Trump and tariff threats that could affect consumption. Industrial metals are down, but precious metals are up. Copper and gold are trading at -1.0% and +0.7%, respectively

## Corporate Debt

- Unifin announced the fulfillment of conditions precedent under the Agreements executed with Nafin and Bancomext and the closing and implementation of restructuring documents and deliverables under its Restructuring Plan
- S&P Global Ratings upgraded Grupo KUO's ratings to 'BB' and 'mxA' from 'BB-' and 'mxA-'. The upgrade follows the improvement in KUO's credit metrics from the sale of its automotive parts business
- Moody's Local assigned a 'AAA.mx' rating to NR Finance Mexico's proposed issue, NRF 25. The rating considers the irrevocable and unconditional guarantee granted by Nissan Motor Acceptance Company (NMAC)

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	43,487.83	0.0%
S&P 500	5,996.66	0.0%
Nasdaq	19,630.20	0.0%
IPC	50,201.32	0.5%
Ibovespa	122,855.15	0.4%
Euro Stoxx 50	5,164.44	0.3%
FTSE 100	8,520.54	0.2%
CAC 40	7,733.50	0.3%
DAX	20,990.31	0.4%
Nikkei 225	38,902.50	1.2%
Hang Seng	19,925.81	1.7%
Shanghai Composite	3,244.38	0.1%
<b>Sovereign bonds</b>		
2-year Treasuries	4.28	0pb
10-year Treasuries	4.63	0pb
28-day Cetes	9.95	-2pb
28-day TIIE	10.27	0pb
2-year Mbono	9.74	1pb
10-year Mbono	10.36	0pb
<b>Currencies</b>		
USD/MXN	20.50	-1.4%
EUR/USD	1.04	1.4%
GBP/USD	1.23	1.3%
DX	109.35	0.0%
<b>Commodities</b>		
WTI	77.88	0.0%
Brent	80.15	-0.8%
Mexican mix	73.01	0.0%
Gold	2,708.21	0.2%
Copper	436.85	0.0%

Source: Bloomberg

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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**Raquel Vázquez Godínez**  
Assistant  
raquel.vazquez@banorte.com  
(55) 1670 - 2967



**María Fernanda Vargas Santoyo**  
Analyst  
maria.vargas.santoyo@banorte.com  
(55) 1103 - 4000 x 2586

#### Economic Research



**Juan Carlos Alderete Macal, CFA**  
Executive Director of Economic Research and  
Market Strategy  
juan.alderete.macal@banorte.com  
(55) 1103 - 4046



**Yazmín Selene Pérez Enríquez**  
Senior Economist, Mexico  
yazmin.perez.enriquez@banorte.com  
(55) 5268 - 1694

#### Market Strategy



**Santiago Leal Singer**  
Director of Market Strategy  
santiago.leal@banorte.com  
(55) 1670 - 1751



**Carlos Hernández García**  
Senior Strategist, Equity  
carlos.hernandez.garcia@banorte.com  
(55) 1670 - 2250



**Marcos Saúl García Hernández**  
Analyst, Fixed Income, FX and Commodities  
marcos.garcia.hernandez@banorte.com  
(55) 1670 - 2296



**Juan Carlos Mercado Garduño**  
Strategist, Equity  
juan.mercado.garduno@banorte.com  
(55) 1103 - 4000 x 1746

#### Quantitative Analysis



**Alejandro Cervantes Llamas**  
Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com  
(55) 1670 - 2972



**Daniel Sebastián Sosa Aguilar**  
Senior Analyst, Quantitative Analysis  
daniel.sosa@banorte.com  
(55) 1103 - 4000 x 2124



**Alejandro Padilla Santana**  
Chief Economist and Head of  
Research  
alejandro.padilla@banorte.com  
(55) 1103 - 4043



**Itzel Martínez Rojas**  
Analyst  
itzel.martinez.rojas@banorte.com  
(55) 1670 - 2251



**Francisco José Flores Serrano**  
Director of Economic Research, Mexico  
francisco.flores.serrano@banorte.com  
(55) 1670 - 2957



**Cintia Gisela Nava Roa**  
Senior Economist, Mexico  
cintia.nava.roa@banorte.com  
(55) 1105 - 1438



**Marissa Garza Ostos**  
Director of Equity Strategy  
marissa.garza@banorte.com  
(55) 1670 - 1719



**Hugo Armando Gómez Solís**  
Senior Strategist, Equity  
hugo.gomez@banorte.com  
(55) 1670 - 2247



**Gerardo Daniel Valle Trujillo**  
Senior Analyst, Corporate Debt  
gerardo.valle.trujillo@banorte.com  
(55) 1670 - 2248



**Ana Gabriela Martínez Mosqueda**  
Strategist, Equity  
ana.martinez.mosqueda@banorte.com  
(55) 5261 - 4882



**José Luis García Casales**  
Director of Quantitative Analysis  
jose.garcia.casales@banorte.com  
(55) 8510 - 4608



**Jazmin Daniela Cuautencos Mora**  
Strategist, Quantitative Analysis  
jazmin.cuautencos.mora@banorte.com  
(55) 1670 - 2904



**Lourdes Calvo Fernández**  
Analyst (Edition)  
lourdes.calvo@banorte.com  
(55) 1103 - 4000 x 2611



**Katia Celina Goya Ostos**  
Director of Economic Research,  
Global  
katia.goya@banorte.com  
(55) 1670 - 1821



**Luis Leopoldo López Salinas**  
Economist, Global  
luis.lopez.salinas@banorte.com  
(55) 1103 - 4000 x 2707



**Víctor Hugo Cortes Castro**  
Senior Strategist, Technical  
victorh.cortes@banorte.com  
(55) 1670 - 1800



**Leslie Thalía Orozco Vélez**  
Senior Strategist, Fixed Income and FX  
leslie.orozco.velez@banorte.com  
(55) 5268 - 1698



**Ana Laura Zaragoza Félix**  
Strategist, Corporate Debt  
ana.zaragoza.felix@banorte.com  
(55) 1103 - 4000



**Paula Lozoya Valadez**  
Analyst, Equity  
paula.lozoya.valadez@banorte.com  
(55) 1103 - 4000 x 2060



**José De Jesús Ramírez Martínez**  
Senior Analyst, Quantitative Analysis  
jose.ramirez.martinez@banorte.com  
(55) 1103 - 4000



**Andrea Muñoz Sánchez**  
Strategist, Quantitative Analysis  
andrea.muñoz.sanchez@banorte.com  
(55) 1105 - 1430