BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

January 23, 2025

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

www.banorte.com/analisiseconomico
@analisis_fundam

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

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

Main drivers for the financial markets today...

- **Stock markets biased down, USD and government bond yields up. Investors are still digesting the impact of the first sessions under Trump's new administration, with a larger boost towards IA investments, while the risk of tariffs on the largest trade partners still weighs in**

- **Market focus is on President Trump's address at the World Economic Forum in Davos. Economic agenda includes weekly jobless claims in the US and consumer confidence in the Eurozone**

- **Regarding monetary policy, the central bank of Japan will announce its decision. Consensus expects the BoJ to increase the reference rate by 25bps, placing it at 0.50%. This in a context in which inflation remains above the 2.0% target (at 2.9%), driven by service prices. The cycle of increases is expected to continue throughout the year to place the rate around 1.0%**

- **In Mexico, INEGI released inflation for 1H-January at 0.20% 2w/2w –surprising to the downside–, with the core at 0.28%. As such, the annual print moderated to 3.69% from 3.99% in the previous fortnight, with the core at 3.72% (previous: 3.69%)**

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	6,111.25	-0.2%
Euro Stoxx 50	5,203.57	0.0%
Nikkei 225	39,958.87	0.8%
Shanghai Composite	3,230.16	0.5%
Currencies		
USD/MXN	20.50	0.0%
EUR/USD	1.04	-0.1%
DXY	108.37	0.2%
Commodities		
WTI	75.66	0.3%
Brent	79.29	0.4%
Gold	2,744.09	-0.4%
Copper	427.30	-0.7%
Sovereign bonds		
10-year Treasury	4.64	3pb

Source: Bloomberg

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Turkey					
6:00	Monetary policy decision (C. Bank of Turkey)	%	--	45.00	47.50
Mexico					
7:00	Consumer prices - Jan 15	% 2w/2w	0.23	0.27	0.04
7:00	Core - Jan 15	% 2w/2w	0.24	0.24	0.06
7:00	Consumer prices - Jan 15	% y/y	3.72	3.72	3.99
7:00	Core - Jan 15	% y/y	3.68	3.68	3.69
United States					
8:30	Initial jobless claims* - Jan 18	thousands	220	220	217
Eurozone					
10:00	Consumer confidence* - Jan (P)	index	--	-14.1	-14.5
Japan					
	Monetary policy decision (BoJ) - Jan 24	%	--	0.50	0.25

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

Equities

- **Mixed movements in the major stock markets with investors taking profits after new highs were reached in some indices. Also, the market is digesting the impact of Trump's first days with mixed signals, with the decision to invest in AI well received, but with the risk of tariffs on major trading partners**
- **In this regard, US futures trade negatively with the Nasdaq 0.5% below its notional value and the S&P500 down 0.2% ahead of the open. For its part, the Eurostoxx with little change; however, the technology sector is the one that is retreating the most. Asia closed mixed, with the Nikkei rising 0.8% and the Hang Seng dropping 0.4%**
- **In the corporate sector, of the 9 companies in the S&P 500 scheduled to publish results today, only 2 have released them, with McCormick better than expected and Elevance Health slightly below the estimate. In Mexico, Kimberly-Clark's results are expected after the close**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. Ten-year rates in Europe are pressured +2bps on average. Meanwhile, the US Treasury curve steepens with little change at the short-end and an adjustment of +3bps at the long-end. Yesterday, Mbonos records a rally of 12bps**
- **USD positive against all G10 currencies, with SEK (-0.3%) leading the losses. In EM, the bias is also negative, with a worse performance in Asia. MXN depreciates slightly to 20.50 per dollar**
- **Crude-oil futures remain stable, rising by 0.3%, despite the first increase since mid-November in US reserves according to API data. The market remains attentive to Trump's measures on the trade front. Metals have a negative bias. Copper and gold drop -0.5% and -0.4%, respectively**

Corporate Debt

- **HR Ratings affirmed the long-term ratings for FONDO (Fondo de Garantía y Fomento para la Agricultura, Ganadería y Avicultura) and FEFA (Fondo Especial para Financiamientos Agropecuarios) at 'HR AAA' with Stable outlook and the short-term ratings at 'HR+1'**
- **The ratification considers the implicit support of the Federal Government as it considers them as strategic agents for the execution of federal goals in the national agricultural sector**
- **Also, the agency considered the improvements in FONDO's delinquency and adjusted delinquency rates of 0.2% as of 3Q24, as well as FEFA's solvency profile at strong levels**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,156.73	0.3%
S&P 500	6,086.37	0.6%
Nasdaq	20,009.34	1.3%
IPC	50,944.58	1.0%
Ibovespa	122,971.77	-0.3%
Euro Stoxx 50	5,205.83	0.8%
FTSE 100	8,545.13	0.0%
CAC 40	7,837.40	0.9%
DAX	21,254.27	1.0%
Nikkei 225	39,646.25	1.6%
Hang Seng	19,778.77	-1.6%
Shanghai Composite	3,213.62	-0.9%
Sovereign bonds		
2-year Treasuries	4.30	2pb
10-year Treasuries	4.61	3pb
28-day Cetes	9.73	-2pb
28-day TIIE	10.29	1pb
2-year Mbono	9.51	-13pb
10-year Mbono	10.05	-11pb
Currencies		
USD/MXN	20.50	-0.6%
EUR/USD	1.04	-0.2%
GBP/USD	1.23	-0.3%
DXY	108.17	0.1%
Commodities		
WTI	75.44	-0.6%
Brent	79.00	-0.4%
Mexican mix	71.15	-0.3%
Gold	2,756.48	0.4%
Copper	430.10	-0.9%

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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	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.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

Directory

Research and Strategy

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

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

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

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

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

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

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

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

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

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

Market Strategy

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

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

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

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

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

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

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

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

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

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

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

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

Quantitative Analysis

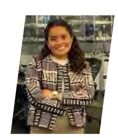
Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

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

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

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

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



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

BANORTE