

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields with neagive bias, and the USD higher.** Investors are assimilating positive signs from tech companies, although cautiousness prevails after adverse comments from Trump on trade, and expecting price data in the US which will provide clarity on future Fed actions
- **Specifically, President Trump indicated yesterday that he will indeed implement 25% tariffs on imports from Mexico and Canada starting tomorrow, February 1st.** Thus, we will be watching throughout the day for any possible developments, with reports from some of his advisors that there are possible avenues for the tariffs not to go into effect
- **On US economic data, we await December's income and spending data, expecting a slight acceleration in price deflators.** In Germany, January inflation will be released, with data in France already showing stability and validating the cut from the ECB yesterday. In Brazil, the unemployment rate for the last month of 2024 increased by 10bps to 6.2%. In Mexico, banking credit data for December will be released
- **On the monetary front, we will be watching for comments from Bowman (Fed Governor).** Meanwhile, BOJ Governor Kazuo Ueda stated that hikes will continue, with the current policy still accommodative. In addition, we will have a decision in Colombia, where a 25bpw cut to 9.25% is expected. Meanwhile, Argentina's central bank cut its rate by 300bp to 29.0% on further improvements in inflation

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
7:00	Unemployment rate - Dec	%	--	6.1	6.1
Germany					
8:00	Consumer prices - Jan (P)	% y/y	--	2.6	2.6
United States					
8:30	Personal income* - Dec	% m/m	--	0.4	0.3
8:30	Personal spending* - Dec	% m/m	--	0.5	0.4
8:30	Real personal spending* - Dec	% m/m	--	0.3	0.3
8:30	PCE Deflator* - Dec	% m/m	0.2	0.3	0.1
8:30	Core* - Dec	% m/m	0.2	0.2	0.1
8:30	PCE Deflator - Dec	% y/y	2.4	2.5	2.4
8:30	Core - Dec	% y/y	2.6	2.8	2.8
Mexico					
10:00	Banking credit - Dec	% y/y	8.1	--	8.0
Colombia					
13:00	Monetary policy decision (BanRep)	%	--	9.25	9.50

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	6,127.75	0.5%
Euro Stoxx 50	5,304.96	0.4%
Nikkei 225	39,572.49	0.1%
Shanghai Composite	3,250.60	0.0%
Currencies		
USD/MXN	20.70	-0.2%
EUR/USD	1.04	-0.1%
DXY	108.32	0.5%
Commodities		
WTI	72.60	-0.2%
Brent	76.54	-0.4%
Gold	2,802.01	0.3%
Copper	428.00	-0.6%
Sovereign bonds		
10-year Treasury	4.52	1pb

Source: Bloomberg

Equities

- In January's last trading session, the positive bias in the main stock indices continues. Investors assimilate good earnings releases and positive signals from big techs. The Mexbol Index could reflect profit-taking ahead of Trump tariffs
- Futures in the US anticipate a positive opening, with the S&P500 trading 0.5% above its theoretical value. Apple's results beat expectations, while challenges in China are offset by growth in other regions. The company anticipated low-to-mid-single-digit growth in revenue next quarter
- We have 32% of the reports of companies in the S&P500 and there is a cumulative increase in profits of 10.9% vs. 7.5%. The positive surprises rate stands at 78.5%. Among today's releases, Chevron and Exxon Mobil stand out with mixed figures

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. Ten-year rates in Europe appreciate by 3bps as the market increases its bets on further ECB easing. Meanwhile, Treasuries records a loss of ~1bp. Yesterday, Mbonos averaged gains of 8bps
- Mixed dollar against G10 currencies, with NZD (+0.2%) and JPY (-0.3%) at the extremes. In EM, the bias is negative, with emerging Europe underperforming. The MXN appreciates slightly to 20.71 per dollar
- Crude-oil futures trade slightly lower. Investors remain attentive to Trump's decision on imposing tariffs on Mexico and Canada, as well as whether they could include crude from Canada. Industrial metals are down, but precious metals are up. Gold is trading at historic highs

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,882.13	0.4%
S&P 500	6,071.17	0.5%
Nasdaq	19,681.75	0.3%
IPC	52,050.25	1.0%
Ibovespa	126,912.78	2.8%
Euro Stoxx 50	5,282.21	1.0%
FTSE 100	8,646.88	1.0%
CAC 40	7,941.64	0.9%
DAX	21,727.20	0.4%
Nikkei 225	39,513.97	0.3%
Hang Seng	20,225.11	0.0%
Shanghai Composite	3,250.60	0.0%
Sovereign bonds		
2-year Treasuries	4.21	-1pb
10-year Treasuries	4.52	-1pb
28-day Cetes	9.81	-4pb
28-day TIIE	10.28	-2pb
2-year Mbono	9.41	-5pb
10-year Mbono	10.00	-7pb
Currencies		
USD/MXN	20.73	1.1%
EUR/USD	1.04	-0.3%
GBP/USD	1.24	-0.3%
DX	107.80	-0.2%
Commodities		
WTI	72.73	0.2%
Brent	76.87	0.4%
Mexican mix	69.63	0.0%
Gold	2,794.59	1.3%
Copper	430.75	0.6%

Source: Bloomberg

Corporate Debt

- Cemex announced that it closed the previously announced sale of its Dominican Republic operations and Haiti business to Cementos Progreso Holdings for an enterprise value of US\$950 million before standard cash, debt and working capital adjustments at closing
- Fitch Ratings downgraded Metrofinanciera's long-term ratings to 'CC(mex)' from 'B-(mex)' with Negative outlook. The downgrade follows the limited ability to raise funds and liquidity, aggravated by the deterioration in its delinquency rate during October and November 2024

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