

## Financial Markets Daily

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

- Stock markets with a negative bias, USD down, and bond yields positive, with caution among investors about economic implications of tariffs and awaiting earnings reports and economic data
- During the weekend, President Trump imposed tariffs of 25% on goods from Mexico and Canada (10% on energy) and 10% on China. In separate calls with Mexico and Canada, agreements were reached including a one-month pause in their implementation. However, the measures on China did go through, with the Asian government responding with tariffs between 10%-15% on several US goods
- Local markets were closed yesterday because of the Day of the Constitution. Today, the US agenda includes job openings (JOLTS), durable goods and factory orders in December. In Mexico, family remittances (Dec) and IMEF's PMIs (Jan)
- Market attention this week on January's employment in the US. We estimate +170k jobs, with the unemployment rate unchanged at 4.1%. In addition, Banxico's monetary policy decision will also happen, anticipating -50bps after recent comments from some Board members, the decline in inflation, and weakness in economic activity

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Brazil</b>					
6:00	COPOM minutes				
<b>United States</b>					
10:00	JOLTS Job Openings - Dec	thousands	--	8,000	8,098
10:00	Factory orders* - Dec	% m/m	--	-0.7	-0.4
10:00	Ex transportation* - Dec	% m/m	--	--	0.2
10:00	Durable goods orders* - Dec (F)	% m/m	--	-2.2	-2.2
10:00	Ex transportation* - Dec (F)	% m/m	--	0.3	0.3
11:00	Fed's Bostic Speaks in Moderated Conversation on Housing				
14:00	Fed's Daly Speaks in Moderated Panel				
19:30	Fed's Jefferson Speaks on Economic Outlook and Monetary Policy				
<b>Mexico</b>					
10:00	Family remittances - Dec	US\$bn	5,731.7	--	5,435.2
12:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 30-year Mbono (Jul'53), 3-year Udibono (Dec'26) and 2-, 5- and 10-year Bondes F				
13:00	Manufacturing PMI (IMEF)* - Jan	index	46.8	--	47.7
13:00	Non-manufacturing PMI (IMEF)* - Jan	index	49.4	--	49.6
<b>China</b>					
20:45	Services PMI (Caixin)* - Jan	index	--	52.4	52.2
20:45	Composite PMI (Caixin)* - Jan	index	--	--	51.4

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.
<b>Equity indices</b>		
S&P 500 Futures	6,021.75	0.0%
Euro Stoxx 50	5,232.28	0.3%
Nikkei 225	38,798.37	0.7%
Shanghai Composite	3,250.60	0.0%
<b>Currencies</b>		
USD/MXN	20.46	0.5%
EUR/USD	1.03	-0.2%
DXY	108.62	-0.3%
<b>Commodities</b>		
WTI	71.58	-2.2%
Brent	74.97	-1.3%
Gold	2,819.67	0.2%
Copper	432.50	0.5%
<b>Sovereign bonds</b>		
10-year Treasury	4.58	2pb

Source: Bloomberg

## Equities

- The negative bias in the main stock markets continues. In that sense, stocks register higher volatility as uncertainty related to trade issues persists. The Vix rises to 18.5pts from Friday's close of 16.4pts. In addition, attention will be on Alphabet and AMD figures at market close. In Mexico, trading resumes after yesterday's holiday
- In the US, futures anticipate a slightly negative opening, with the Dow down 0.2% below its theoretical value. Europe trades mixed, with the Eurostoxx up 0.3%, boosted by technology companies. In Asia, the Hang Seng rose 2.8%
- On the corporate front, of the 42 companies in the S&P500 that are due to publish their results today, 15 have already released them with mixed figures. PepsiCo falls after reporting lower than expected sales. In Mexico, one IPC company has confirmed for this week: Cemex (February 6th)

## Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. Ten-year rates in Europe rise by 3bps on average. Meanwhile, the US Treasury curve steepens with a 1bp loss at the short-end and a +3bps adjustment at the long-end. Last week, Mbonos averaged losses of 2bps
- USD positive against most G10 currencies, with NZD (-0.5%) leading the losses. In EM, the bias is mixed, with Asia performing better. The MXN stands out as the weakest, depreciating by 0.5% to 20.46 per dollar
- Crude-oil futures depreciate around 2%, after China's imposition of tariffs on different US products, highlighting crude-oil and liquefied natural gas. Industrial metals are down, but precious metals are up. Gold is trading at historic highs

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	44,421.91	-0.3%
S&P 500	5,994.57	-0.8%
Nasdaq	19,391.96	-1.2%
IPC	51,209.53	0.0%
Ibovespa	125,970.46	-0.1%
Euro Stoxx 50	5,217.91	-1.3%
FTSE 100	8,583.56	-1.0%
CAC 40	7,854.92	-1.2%
DAX	21,428.24	-1.4%
Nikkei 225	38,520.09	-2.7%
Hang Seng	20,217.26	0.0%
Shanghai Composite	3,250.60	0.0%
<b>Sovereign bonds</b>		
2-year Treasuries	4.25	5pb
10-year Treasuries	4.56	2pb
28-day Cetes	9.93	0pb
28-day TIIE	10.28	0pb
2-year Mbono	9.38	0pb
10-year Mbono	10.12	0pb
<b>Currencies</b>		
USD/MXN	20.37	-1.5%
EUR/USD	1.03	-0.2%
GBP/USD	1.25	0.4%
DX	108.99	0.6%
<b>Commodities</b>		
WTI	73.16	0.9%
Brent	75.96	-1.0%
Mexican mix	68.69	0.0%
Gold	2,815.21	0.6%
Copper	430.55	0.6%

Source: Bloomberg

## Corporate Debt

- S&P Global Ratings affirmed Daimler Mexico's long- and short-term debt ratings at 'mxAAA' and 'mxA-1', respectively. The ratings reflect the irrevocable guarantees given by Daimler Truck Holdings, in which they committed to pay the principal and interest payments
- PCR Verum changed Sofoplus' long-term outlook of to Positive from Stable. At the same time, the agency affirmed its long- and short-term ratings at 'A+/M' and '1/M', respectively. The outlook change considers Sofoplus' financial performance improvements due to a decrease in their financing costs

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