

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets, bond yields, and USD down. Heightened safe haven demand with investors assimilating weak quarterly earnings from Alphabet and AMD, as well as greater commercial tension between China and the US. Moreover, labor data from the latter is on focus
- On the monetary policy front, Barkin, Goolsbee, Bowman, and Jefferson from the Fed will speak. Lane from the ECB will also speak
- Regarding economic figures, today's agenda in the US includes the publication of January's ADP private employment report, December's trade balance and January's ISM services, and final PMIs
- In Mexico, INEGI published investment for November at +0.1% m/m (previous: +0.3%). Construction fell 1.0%, with machinery and equipment at +1.7%. In annual terms GFI came in at -0.7%. INEGI also announced private consumption for the eleventh month of 2024. It came in at +0.5% m/m (previous: -0.7%), boosted by the imported component (+1.7%). This implies +0.3% in annual terms. The survey of expectations from the banking sector will be published later

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
7:00	Industrial production - Dec	% y/y	--	-0.1	1.7
7:00	Industrial production* - Dec	% m/m	--	-1.1	-0.6
Mexico					
7:00	Gross fixed investment - Nov	% y/y	-0.2	-1.4	-2.6
7:00	Gross fixed investment* - Nov	% m/m	0.3	-0.2	0.1
7:00	Private consumption - Nov	% y/y	1.1	0.9	1.4
7:00	Private consumption* - Nov	% m/m	0.9	--	-0.7
10:00	International reserves - Jan 31	US\$bn	--	--	230.3
15:30	Citi Survey of Economists				
United States					
8:15	ADP employment* - Jan	thousands	130	150	122
8:30	Trade balance* - Dec	US\$bn	--	-96.8	-78.2
9:45	Services PMI* - Jan (F)	index	52.8	52.9	52.8
9:45	Composite PMI* - Jan (F)	index	52.4	52.5	52.4
10:00	ISM services* - Jan	index	53.5	54.0	54.0
13:00	Fed's Goolsbee Gives Remarks at Auto Conference				

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	6,035.75	-0.4%
Euro Stoxx 50	5,256.55	-0.2%
Nikkei 225	38,831.48	0.1%
Shanghai Composite	3,229.49	-0.6%
Currencies		
USD/MXN	20.60	0.5%
EUR/USD	1.04	0.4%
DX	107.52	-0.4%
Commodities		
WTI	71.83	-1.2%
Brent	75.35	-1.1%
Gold	2,867.86	0.9%
Copper	436.40	0.2%
Sovereign bonds		
10-year Treasury	4.45	-6pb

Source: Bloomberg

Equities

- Negative bias in stock markets, with investors reacting to corporate reports with figures below estimates. In particular, Alphabet falls 7.0% as it reports a further slowdown in its cloud business, raising concerns about higher investments in AI. Meanwhile, AMD falls 9.4% after presenting a disappointing outlook for its data center division
- In the US, futures anticipate a downward opening. Apple falls 2.5% after the announcement of an antitrust investigation in China regarding the company's policies. In corporate results, Disney's positive report stands out, while the focus will be on QUALCOMM's figures at markets close
- Europe trades mixed as declines in technology stocks offset gains in the healthcare sector following upbeat guidance from Novo Nordisk, the region's largest listed company

Sovereign fixed income, currencies and commodities

- Sovereign bonds are supported by increased demand for safe-haven assets, driving 10-year European yields up by an average of 5bps. Treasuries are also posting gains of 3bps across the curve, adding to yesterday's positive performance. With this move, the 10-year note is hovering near its lowest level of the year (4.48%)
- The USD is weakening, reaching its lowest level in a week amid broad-based G10 gains, with JPY (+1%) leading the rally. The bias in emerging markets is also largely positive, though MXN is lagging its peers, depreciating 0.5% to 20.60, albeit recovering from an intraday low of 20.64
- Oil is down nearly 1%, under heightened volatility and concerns over the global growth impact of the US-China trade war. Meanwhile, gold is up 1%, reaching fresh all-time highs

Corporate Debt

- Traton Financial Services Mexico informed that it approved the sale and purchase agreement and transfer of assets with its affiliates, through which it will acquire the rights to finance the VW Truck and Bus and MAN brands, in addition to its INTERNATIONAL brand
- Grupo Vasconia informed that the judge admitted the request for the declaration of bankruptcy of the company and its subsidiary Almexa Aluminio, as well as its restructuring plan
- Fitch Ratings affirmed the rating of issues AB&CCB 22 / 22-2 (AB&C Leasing's ABS) at 'AAA(mex)vra' with Stable outlook. The ratings are based on the stable performance of the assets, with low and stable delinquency indicators, with more than 95% of the portfolio being current

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,556.04	0.3%
S&P 500	6,037.88	0.7%
Nasdaq	19,654.02	1.4%
IPC	51,889.75	1.3%
Ibovespa	125,147.42	-0.7%
Euro Stoxx 50	5,264.59	0.9%
FTSE 100	8,570.77	-0.1%
CAC 40	7,906.40	0.7%
DAX	21,505.70	0.4%
Nikkei 225	38,798.37	0.7%
Hang Seng	20,789.96	2.8%
Shanghai Composite	3,250.60	0.0%
Sovereign bonds		
2-year Treasuries	4.21	-4pb
10-year Treasuries	4.51	-4pb
28-day Cetes	9.65	-28pb
28-day TIIE	10.31	3pb
2-year Mbono	9.32	-6pb
10-year Mbono	10.00	-12pb
Currencies		
USD/MXN	20.51	0.7%
EUR/USD	1.04	0.3%
GBP/USD	1.25	0.2%
DXY	107.96	-0.9%
Commodities		
WTI	72.70	-0.6%
Brent	76.20	0.3%
Mexican mix	68.60	-0.3%
Gold	2,842.71	1.0%
Copper	435.35	1.1%

Source: Bloomberg

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