Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets positive, government bond yields mixed, and the USD higher after comments from Treasury Secretary Scott Bessent, pointing out that the new administration is focusing on bringing down Treasury yields and with concerns about the valuation of the US stocks**

- **In the US, the offer to liquidate federal employees is said to have attracted over 40 thousand sign-ups (about 2% of the workforce). They expect more applications by the end of the day deadline. However, funds for this measure have not been approved by Congress yet**

- **On the economic agenda, in the US weekly jobless claims stand out. In Germany, industrial production figures remain weak, with factory orders falling 6.9% m/m in December. In Mexico, consumer confidence for January fell by 0.3pts to 46.7pts, with four of its five categories lower**

- **On the monetary policy front, the BoE cut its interest rate by 25bps as expected, to 4.50%. Later, in Mexico we will have the first decision of the year by Banxico where a 50bps reduction is widely expected, taking the rate to 9.50%**

- **Former BoJ Governor Haruhiko Kuroda considered that Japan has “completely” ended deflation and it is natural for the central bank to proceed with rate hikes to normalize the monetary policy**

- **According to the US State Department, US government vessels will now be able to transit the Panama Canal without charge fees. On the other hand, the head of said department, Marco Rubio, said he won’t attend the G-20 summit later this month in Johannesburg**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
5:00	EZ Retail sales* - Dec	% m/m	--	-0.1	0.1
7:00	Monetary policy decision (BoE)	%	--	4.50	4.75
Mexico					
7:00	Consumer confidence* - Jan	index	46.7	46.8	47.1
14:00	Monetary policy decision (Banxico)	%	9.50	9.50	10.00
United States					
8:30	Initial jobless claims*- Feb 1	thousands	210	213	207
14:30	Fed's Waller Speaks on Future of Payments				
17:10	Fed's Logan Speaks on Future Challenges for Monetary Policy				

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	6,091.00	0.1%
Euro Stoxx 50	5,312.26	0.8%
Nikkei 225	39,066.53	0.6%
Shanghai Composite	3,270.66	1.3%
Currencies		
USD/MXN	20.60	0.1%
EUR/USD	1.04	-0.5%
DXY	108.05	0.4%
Commodities		
WTI	71.52	0.7%
Brent	75.07	0.6%
Gold	2,867.55	0.0%
Copper	446.90	0.6%
Sovereign bonds		
10-year Treasury	4.44	2pb

Source: Bloomberg

Equities

- **Positive bias in stock markets, supported by earnings results that have boosted investor confidence. The focus will be on Amazon's results, which it will tentatively present at market close**

- **In the US, futures anticipate a mixed opening, with the S&P500 trading flat. Europe trades higher, driven by solid corporate results. Asia closed with gains**

- **Cemex reported in line with expectations. Sales fell 5.3% and EBITDA 3.5% with the largest declines in Mexico and stability in the US. In 2025, EBITDA performance is expected to be stable. The company launches the "Cutting Edge", a program of estimated savings of US$350 million by 2027, expected to add US$150 million to EBITDA in 2025 (+4.9% vs. 2024). We anticipate a neutral market reaction**

Sovereign fixed income, currencies and commodities

- **In Europe, 10-year rates trade between -2bps and +2bps. Meanwhile, the Treasuries' curve steepens due to modest gains at the short-end and losses of 2bps at long-end. Yesterday, Mbonos gained 7bps, with the 10-year benchmark closing at 9.86% (-11bps)**

- **Dollar advances against most of G10 currencies, except JPY (+0.1%) while GBP (-1.0%) trades as the weakest. In EM, the bias is negative; with Asian currencies falling of up to 0.6%. Meanwhile, the MXN trades at 20.60 per dollar (-0.1%), scoring three negative sessions in a row**

- **Crude-oil edges up from its lowest level this year amid concerns about a trade war between the US and China that could hurt global growth. Widespread gains in metals, with copper rising 0.6%**

Corporate Debt

- **Minera Mexico (a subsidiary of Grupo Mexico) will issue a senior unsecured bond in the international markets for up to US$1.0 billion and a 7-year term. The ratings assigned were 'Baa1' by Moody's Ratings, 'BBB+' by S&P Global Ratings and 'BBB+' by Fitch Ratings**

- **S&P Global Ratings confirmed the rating of ARRENCB 23 (ABS of Arrendamás) at 'mxAAA (sf)' following its first tap issue for up to MXN 322 million. The rating affirmation reflects the agency's view that the transaction's credit protection levels remain sufficient to withstand their stress scenarios**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,873.28	0.7%
S&P 500	6,061.48	0.4%
Nasdaq	19,692.33	0.2%
IPC	51,570.19	-0.6%
Ibovespa	125,534.07	0.3%
Euro Stoxx 50	5,271.12	0.1%
FTSE 100	8,623.29	0.6%
CAC 40	7,891.68	-0.2%
DAX	21,585.93	0.4%
Nikkei 225	38,831.48	0.1%
Hang Seng	20,597.09	-0.9%
Shanghai Composite	3,229.49	-0.6%
Sovereign bonds		
2-year Treasuries	4.19	-3pb
10-year Treasuries	4.42	-9pb
28-day Cetes	9.61	-4pb
28-day TIIE	10.30	-1pb
2-year Mbono	9.24	-8pb
10-year Mbono	9.89	-10pb
Currencies		
USD/MXN	20.58	0.4%
EUR/USD	1.04	0.2%
GBP/USD	1.25	0.2%
DXY	107.58	-0.4%
Commodities		
WTI	71.03	-2.3%
Brent	74.61	-2.1%
Mexican mix	67.24	-2.0%
Gold	2,867.24	0.9%
Copper	444.40	2.1%

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.

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	Reference
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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.

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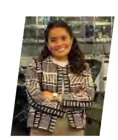
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