BANORTE

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 and government bond yields mixed, USD up, with investors assimilating mixed earnings, while awaiting the US labor market report, which may give signs of the economy's health and help to clarify future actions from the Federal Reserve**

- **For the January US labor market report, consensus expects the creation of 175k jobs, slowing down from the previous figure of 256k. There is uncertainty regarding distortions due to the fires in California. Meanwhile, the unemployment rate is estimated to remain at 4.1%. The annual revision to the Establishments Survey Data will be published**

- **Also, the preliminary indicator of consumer sentiment from the University of Michigan for February and consumer credit for December will be released.**

- **On the monetary policy front, there will be comments from Bowman and Kugler of the Federal Reserve**

- **In Mexico, INEGI released January's inflation at 0.29% m/m –below expectations–, with the core at 0.41%. As such, the annual print moderated to 3.59% from 4.21% in the previous month, with the core at 3.66% (previous: 3.65%)**

## The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|---|---|---|---|---|---|
| ***Germany*** | | | | | |
| **2:00** | Industrial production* - Dec | % m/m | -- | -0.7 | 1.5 |
| **2:00** | Trade balance - Dec | 0.0 | -- | 17.0 | 19.7 |
| ***Mexico*** | | | | | |
| **7:00** | Consumer prices - Jan | % m/m | 0.33 | 0.31 | 0.38 |
| **7:00** | Core - Jan | % m/m | 0.45 | 0.45 | 0.51 |
| **7:00** | Consumer prices - Jan | % y/y | 3.63 | 3.62 | 4.21 |
| **7:00** | Core - Jan | % y/y | 3.70 | 3.70 | 3.65 |
| ***United States*** | | | | | |
| **8:30** | Annual Revisions: Establishment Survey Data | | | | |
| **8:30** | Nonfarm payrolls* - Jan | thousands | 170 | 170 | 256 |
| **8:30** | Unemployment rate* - Jan | % | 4.1 | 4.1 | 4.1 |
| **10:00** | U. of Michigan confidence* - Feb (P) | index | 70.0 | 71.8 | 71.1 |
| **15:00** | Consumer credit* - Dec | USDbn | -- | 18.0 | -7.5 |

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 | 6,107.75 | 0.0% |
| Euro Stoxx 50 | 5,351.21 | -0.1% |
| Nikkei 225 | 38,787.02 | -0.7% |
| Shanghai Composite | 3,303.67 | 1.0% |
| ***Currencies*** | | |
| USD/MXN | 20.51 | 0.2% |
| EUR/USD | 1.04 | -0.1% |
| DXY | 107.80 | 0.1% |
| ***Commodities*** | | |
| WTI | 71.04 | 0.6% |
| Brent | 74.75 | 0.6% |
| Gold | 2,865.94 | 0.3% |
| Copper | 451.35 | 1.2% |
| ***Sovereign bonds*** | | |
| 10-year Treasury | 4.44 | 1pb |

Source: Bloomberg

## Equities

- **This Friday we observe mixed movements in the main stock indices, but of moderate magnitude. Futures in the US show small changes. Investors are wary of some negative signals in corporate earnings. In particular, Amazon stands out, who mentioned that it could face limitations in its ability to meet the demand for AI services**

- **We already have ~60% of the reports of companies in the S&P500 and an increase in profits of 14.3% vs. 7.5% is accumulated. The positive surprises rate stands at 77.5%**

- **In Mexico, Asur reported January's passenger traffic that showed an increase of 1.7%, below Gap's which advanced 5.2% y/y. For its part, Volaris reported an advance of 4.3% in the same month. Oma will release its figures this afternoon. The Mexbol Index may consolidate near 52,800pts**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. Ten-year rates in Europe are trading between ±2bps. Meanwhile, the US Treasury curve flattens slightly, with losses of 2bps at the short-end and slight changes at the long-end. Yesterday, Mbonos printed a rally with gains of 8bps on average**

- **USD positive against most G10 currencies, with JPY (-0.5%) being the weakest. In EM, the bias is mixed, with CLP (+0.5%) leading, driven by a rise in copper. The MXN is the weakest in the group, depreciating by 0.4% to 20.53 per dollar**

- **Crude-oil futures are heading toward a weekly loss of around 2%, following the implementation of China's retaliatory tariffs against the US on Monday. Metals are rising, with copper and gold up +1.5% and +0.4%, respectively**

## Corporate Debt

- **Moody's Local Mexico assigned a 'AAA.mx' rating with a Stable outlook to Instituto Fonacot. The rating recognizes the entity's intrinsic financial profile with a solid historical level of capitalization and a long history of profitability**

- **BBVA Mexico announced that it placed US$1.0 billion of 7.625% Subordinated Preferred Capital Notes (Tier 2) in the international market with a 7.625% coupon and a 10-year maturity**

**Previous closing levels**

| | Last | Daily chg. |
|---|---|---|
| ***Equity indices*** | | |
| Dow Jones | 44,747.63 | -0.3% |
| S&P 500 | 6,083.57 | 0.4% |
| Nasdaq | 19,791.99 | 0.5% |
| IPC | 52,674.79 | 2.1% |
| Ibovespa | 126,224.74 | 0.6% |
| Euro Stoxx 50 | 5,356.63 | 1.6% |
| FTSE 100 | 8,727.28 | 1.2% |
| CAC 40 | 8,007.62 | 1.5% |
| DAX | 21,902.42 | 1.5% |
| Nikkei 225 | 39,066.53 | 0.6% |
| Hang Seng | 20,891.62 | 1.4% |
| Shanghai Composite | 3,270.66 | 1.3% |
| ***Sovereign bonds*** | | |
| 2-year Treasuries | 4.21 | 3pb |
| 10-year Treasuries | 4.43 | 2pb |
| 28-day Cetes | 9.50 | -11pb |
| 28-day TIIE | 10.33 | 3pb |
| 2-year Mbono | 9.22 | -2pb |
| 10-year Mbono | 9.79 | -10pb |
| ***Currencies*** | | |
| USD/MXN | 20.46 | -0.6% |
| EUR/USD | 1.04 | -0.2% |
| GBP/USD | 1.24 | -0.6% |
| DXY | 107.69 | 0.1% |
| ***Commodities*** | | |
| WTI | 70.61 | -0.6% |
| Brent | 74.29 | -0.4% |
| Mexican mix | 66.76 | -0.7% |
| Gold | 2,856.28 | -0.4% |
| Copper | 446.10 | 0.4% |

Source: Bloomberg

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|---|---|
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| **HOLD** | When the share expected performance is similar to the MEXBOL estimated performance. |
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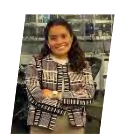

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