

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets higher, government bond yields and USD mixed. Relatively muted market reaction after President Trump pledged to impose a 25% tariff on all imports of steel and aluminum, though he did not specify when they would take effect. Moreover, he stated that “reciprocal” tariffs would be imposed to every country that taxes US imports, which would be enacted “almost immediately” after an announcement
- Scarce information for the rest of the trading session. In the US, the New York Fed will publish its survey of inflation expectations. In Mexico, wage negotiations in January
- Market attention this week on January’s inflation in the US. We estimate 0.2% m/m, which would be slightly below consensus. As a result, the annual rate would stay unchanged at 2.9%. In addition, producer prices for the same period
- On the other hand, Powell from the Fed will testify before the House of Representatives. Moreover, speeches from several members of the institution. In monetary policy decisions, we note Philippines, Peru, Russia, and Romania
- The rest of the US agenda includes retail sales and industrial production (Jan). In other regions, we highlight 4Q24 GDP in Japan, UK, and the Eurozone, with the latter two also releasing December’s industrial production. Elsewhere, retail sales (Dec) in Brazil
- In Mexico, we forecast December’s industrial production at -1.0% m/m, with weakness in construction and manufacturing. The Federal Government will present plans for Pemex on February 12th

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
11:00	New York Fed 1-yr inflation expectations - Jan	%	3.10	--	3.00
Mexico					
	Wage negotiations - Jan	% y/y	--	--	10.0

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	6,076.00	0.4%
Euro Stoxx 50	5,348.18	0.4%
Nikkei 225	38,801.17	0.0%
Shanghai Composite	3,322.17	0.6%
Currencies		
USD/MXN	20.62	0.3%
EUR/USD	1.03	-0.1%
DX	108.34	0.3%
Commodities		
WTI	71.92	1.3%
Brent	75.58	1.2%
Gold	2,904.41	1.5%
Copper	462.00	0.7%
Sovereign bonds		
10-year Treasury	4.49	0pb

Source: Bloomberg

Equities

- Positive bias in main stock indices despite concerns about possible tariffs on all steel and aluminum imports by the US
- US futures anticipate a positive opening, with the S&P500 trading 0.4% above its theoretical value. Metal stocks stand out: United States Steel (+15%) and Alcoa (+4.7%). The Eurostoxx gains +0.4%, driven by the communication sector. Asia closed higher, with a significant advance of 1.8% in the Hang Seng
- In Mexico, we anticipate a weekly trading range for the Mexbol between 51,700 and 53,600pts. On the other hand, Cemex announced organizational changes in its management structure, effective April 1st. The company announced the retirement of Fernando Gonzalez and appointed Jaime Muguero Dominguez in his place

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds. European ten-year rates are trading between ± 1 bp. Meanwhile, the US Treasury curve steepens, with 1bp gains at the short-end and losses of the same magnitude at the long-end. Last week, Mbonos averaged gains of 24bps
- USD positive against most G10 currencies, with the JPY (-0.5%) as the weakest. In EM, the bias is negative. The MXN depreciates slightly to 20.62 per dollar
- Crude-oil futures up 1.2%, with markets weighing the consequences of the tariffs imposed by Trump, as well as sanctions on Russia, and rising natural gas prices. Precious metals higher, driven by gold which is reaching historical highs

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,303.40	-1.0%
S&P 500	6,025.99	-0.9%
Nasdaq	19,523.40	-1.4%
IPC	52,817.75	0.3%
Ibovespa	124,619.40	-1.3%
Euro Stoxx 50	5,325.40	-0.6%
FTSE 100	8,700.53	-0.3%
CAC 40	7,973.03	-0.4%
DAX	21,787.00	-0.5%
Nikkei 225	38,787.02	-0.7%
Hang Seng	21,133.54	1.2%
Shanghai Composite	3,303.67	1.0%
Sovereign bonds		
2-year Treasuries	4.29	8pb
10-year Treasuries	4.49	6pb
28-day Cetes	9.45	-5pb
28-day TIIE	9.77	-55pb
2-year Mbono	9.17	-5pb
10-year Mbono	9.80	0pb
Currencies		
USD/MXN	20.56	0.5%
EUR/USD	1.03	-0.5%
GBP/USD	1.24	-0.3%
DX	108.04	0.3%
Commodities		
WTI	71.00	0.6%
Brent	74.66	0.5%
Mexican mix	67.15	0.6%
Gold	2,861.07	0.2%
Copper	458.90	2.9%

Source: Bloomberg

Corporate Debt

- This week, Grupo Bimbo is scheduled to offer two unsecured bonds, BIMBO 25 / 25-2, for MXN 10.0 billion, that could increase to MXN 15.0 billion
- Also, we expect the first banking issues of the year, with two sustainable bonds from Nacional Financiera for MXN 7.5 billion (max. MXN 15 billion)
- Genera informed that its subsidiary Compartamos Banco Perú placed an issue of Negotiable Certificates of Deposit in the Peruvian market for 56.2 million soles (~MXN 311 million) with a one-year term and a fixed rate of 4.7188%

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