Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today...

- **Equity markets, government bond yields, and the USD positive. Modest risk appetite, despite uncertainty about the global trade environment, with attention today on the January inflation report in the US and its implications for the Fed**

- **Specifically, we anticipate an advance in prices in the first month of the year of 0.2% m/m, with the annual rate remaining at 2.9%. Meanwhile, the core would rise 0.3% m/m, with the annual print at 3.1%. If these figures materialize, they would validate the Fed's stance of patience regarding following cuts**

- **Elsewhere on the agenda, we will be watching for Fed Chairman Jerome Powell's appearance before the House Financial Services Committee, anticipating the tone to be very similar to that seen in his participation yesterday. In addition, we await comments from Bostic and Waller**

- **In other news, Trump advisors are considering folding in the Federal Deposit Insurance Corporation (FDIC) into the Treasury in order to consolidate banking regulators. In addition, the president called on government agencies to cooperate with spending reduction efforts being led by Elon Musk**

- **In Japan, central bank governor Kazuo Ueda said that the magnitude of upcoming interest rate hikes will depend on the economy, inflation, and financial conditions at the time the decisions are made**

- **In China, the government is working on a proposal valued at US$6.8 billion to help real estate developer Vanke, in a context in which the country's real estate market continues to face significant challenges**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Consumer prices* - Jan	% m/m	0.3	0.3	0.4
8:30	Ex. food & energy* - Jan	% m/m	0.3	0.3	0.2
8:30	Consumer prices - Jan	% y/y	2.9	2.9	2.9
8:30	Ex. food & energy - Jan	% y/y	3.1	3.1	3.2
10:00	Fed's Powell Testifies to House Financial Services				
12:00	Fed's Bostic Speaks on Economic Outlook				
17:05	Fed's Waller Speaks on Stablecoins				

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	6,088.00	-0.1%
Euro Stoxx 50	5,399.84	0.2%
Nikkei 225	38,963.70	0.4%
Shanghai Composite	3,346.39	0.9%
Currencies		
USD/MXN	20.55	0.0%
EUR/USD	1.04	0.1%
DXY	107.95	0.0%
Commodities		
WTI	72.37	-1.3%
Brent	76.19	-1.1%
Gold	2,881.76	-0.6%
Copper	461.25	0.2%
Sovereign bonds		
10-year Treasury	4.54	1pb

Source: Bloomberg

Equities

- **Mixed movements, although with an upward bias in the main indexes, supported by some positive earnings results. Today we could have more volatility after the changes in the composition of the MSCI indices were announced. For the MSCI Mexico benchmark, the entry of Qualitas and the exit of Sites was reported**

- **In the US, futures anticipate a slightly negative opening and the Dow falls 0.1%. Europe trades with gains. Heineken rises up to 13% after reporting strong demand. Asia closed with increases**

- **In Mexico, Amx yesterday surprised with revenue gains and highlighted margin expansion in its main regions: Mexico and Brazil. Gmexico had positive results, although they fell short of our estimates due to the challenges in Transportation. Today's focus will be on Ac's figures prior to the market opening**

Sovereign fixed income, currencies and commodities

- **Modest pressures on sovereign bond yields, following yesterday's steepening in the US curve. European yields are adjusting +1bp on average, while USTs are experience a similar performance, with the 10-year note trading near the 4.55% support level**

- **FX remains within tight ranges, leading to a firm to slightly positive USD. G10 currencies show a mixed performance, while EM FX also posts only minor moves. Within the latter, the Mexican peso is trading little changed vs yesterday at 20.55 per dollar**

- **Oil prices are down 1%, weighing on the broader energy commodities complex. Metals are also mostly lower, with industrials underperforming. Gold (-0.6%) is down for the second consecutive session**

Corporate Debt

- **Today, the auction of two long-term bonds by Grupo Bimbo will take place, BIMBO 25 / 25-2, for a target amount of MXN10.0 billion (max. MXN 15.0 billion) with 4- and 12-year terms. The bonds are rated at 'AAA(mex)' by Fitch Ratings and 'mxAAA' by S&P Global Ratings**

- **Fitch Ratings upgraded Alfa's long-term issuer default rating (IDR) to 'BBB' from 'BBB-'. At the same time, the agency affirmed Sigma Alimentos' long-term IDR. The rating action was based on the improved consolidated financial profile at a holding level and the consolidated rating approach in accordance with Fitch's "Parent-Subsidiary Rating Linkage Methodology", respectively**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,593.65	0.3%
S&P 500	6,068.50	0.0%
Nasdaq	19,643.86	-0.4%
IPC	53,451.64	1.0%
Ibovespa	126,521.66	0.8%
Euro Stoxx 50	5,390.91	0.6%
FTSE 100	8,777.39	0.1%
CAC 40	8,028.90	0.3%
DAX	22,037.83	0.6%
Nikkei 225	38,801.17	0.0%
Hang Seng	21,294.86	-1.1%
Shanghai Composite	3,318.06	-0.1%
Sovereign bonds		
2-year Treasuries	4.28	1pb
10-year Treasuries	4.54	4pb
28-day Cetes	9.35	-11pb
28-day TIIE	9.77	1pb
2-year Mbono	9.26	3pb
10-year Mbono	9.88	9pb
Currencies		
USD/MXN	20.56	-0.2%
EUR/USD	1.04	0.5%
GBP/USD	1.24	0.6%
DXY	107.96	-0.3%
Commodities		
WTI	73.32	1.4%
Brent	77.00	1.5%
Mexican mix	69.36	1.6%
Gold	2,897.91	-0.4%
Copper	460.10	-2.3%

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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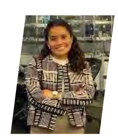

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