

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, USD up and government bond yields down expecting action on Trump's tax cut plans after House Republicans passed a budget blueprint
- House Republicans passed a budget blueprint that includes deep cuts to programs like Medicaid. The measure passed on a 217-215 vote, with just one Republican opposed and all Democrats present voting against. The Senate plans to make changes to the House plan before passing it, and that could spark new objections among House Republicans. This is seen as increasing the chances that Republicans can pass an extension of Trump's 2017 tax cuts that expire this year
- Ukrainian President Zelenskiy intends to meet Trump this week to sign a deal giving the US control over half of Ukraine's natural resources
- Regarding economic figures, the agenda includes new home sales in the US
- On the monetary policy front, attention on Fed's Bostic comments

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
10:00	New home sales** - Jan	thousands	--	678	698
12:00	Fed's Bostic Speaks on Economic Outlook, Housing				

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	5,999.00	0.5%
Euro Stoxx 50	5,521.59	1.4%
Nikkei 225	38,142.37	-0.2%
Shanghai Composite	3,380.21	1.0%
Currencies		
USD/MXN	20.45	-0.1%
EUR/USD	1.05	-0.2%
DX	106.55	0.2%
Commodities		
WTI	68.82	-0.2%
Brent	72.79	-0.3%
Gold	2,913.58	0.0%
Copper	463.25	3.4%
Sovereign bonds		
10-year Treasury	4.30	1pb

Source: Bloomberg

Equities

- Positive stock markets awaiting Nvidia's report at market close. Comments on its outlook, especially in light of the potential disruption from DeepSeek, will be a key catalyst. In addition, investors will be looking for clues as to whether the AI boom could continue. Revenue increases of 73% and 71% in earnings are anticipated
- In the US, futures anticipate a positive opening after 4 consecutive sessions with losses. Thus, the S&P 500 rises 0.5%. In Europe, the Eurostoxx touches a new high, driven by the consumer staples sector. In Asia, stock markets recover after yesterday's sell-off, with the Hang Seng closing positive (+3.3%)
- In Mexico, Alsea reported mixed results along with guidance indicating decelerating growth rates. We expect increased pressure in 1H25. Attention to Cuervo, Gentera, Lab, and LaComer figures at market close

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. In Europe, ten-year rates decrease by 3bps on average. Meanwhile, US Treasuries flatten with losses of 2bps at the short-end and 1bp at the long-end. Yesterday, the Mbonos curve averaged gains of 9bps, with a greater adjustment at the long-end
- USD positive against all G10 currencies, with NZD (-0.5%) as the weakest. In EM, the bias is mixed, with LatAm in positive territory. The MXN appreciates by 0.1% to 20.45 per dollar
- Crude-oil futures are trading lower, as an adverse economic outlook that threatens energy demand expectations and encourages investors to avoid risky assets, in addition to concerns about the impact of Trump's tariffs. Industrial metals are rising, but precious metals are falling

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	43,621.16	0.4%
S&P 500	5,955.25	-0.5%
Nasdaq	19,026.39	-1.4%
IPC	53,050.34	-1.2%
Ibovespa	125,979.50	0.5%
Euro Stoxx 50	5,447.90	-0.1%
FTSE 100	8,668.67	0.1%
CAC 40	8,051.07	-0.5%
DAX	22,410.27	-0.1%
Nikkei 225	38,237.79	-1.4%
Hang Seng	23,034.02	-1.3%
Shanghai Composite	3,346.04	-0.8%
Sovereign bonds		
2-year Treasuries	4.09	-8pb
10-year Treasuries	4.29	-11pb
28-day Cetes	9.44	-4pb
28-day TIIE	9.75	-3pb
2-year Mbono	8.86	-11pb
10-year Mbono	9.62	-14pb
Currencies		
USD/MXN	20.47	0.0%
EUR/USD	1.05	0.4%
GBP/USD	1.27	0.3%
DX	106.31	-0.3%
Commodities		
WTI	68.93	-2.5%
Brent	73.02	-2.4%
Mexican mix	65.60	-2.3%
Gold	2,914.98	-1.2%
Copper	452.75	-0.8%

Source: Bloomberg

Corporate Debt

- Fitch Ratings affirmed CIE's long-term and short-term ratings at 'AA-(mex)' with Stable outlook and 'F1+(mex)', respectively. The ratings reflect CIE's extensive and successful track record in the live entertainment segment, through its minority stake in OCESA, and the staging of multi-year events such as the Formula 1 Mexico City Grand Prix
- Moody's Local affirmed the ratings of three Infonavit-sponsored issues at 'AAA.mx' and 'AA+.mx', reflecting the change in the indexation of the underlying loans' balances that will generate a mismatch between assets and liabilities, although the agency expects that the credit deterioration will not be a negative event for the ratings of these issues

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