

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets down –with S&P500 futures little changed–, USD stable, and government bond yields negative. Investors are wondering if the market is rushing on expectations of rate cuts, also with lower-than-expected corporate reports from some companies
- The meeting between presidents Joe Biden and Xi Jinping yesterday resulted in progress across several fronts including drug trafficking, increased dialogue between military leaders and discussions on artificial intelligence. Nevertheless, the positive tone was limited by a comment from Biden calling Xi a dictator
- Meanwhile, the Senate approved the temporary funding measure to avoid a shutdown. The bill ensures funding for some sectors until January 19th, with others extended until February 2nd
- In terms of figures, in the US we await October's industrial production – anticipating a slight sequential decline–, as well as the Philly Fed's regional manufacturing indicator for November. At the margin, we expect a slight acceleration in this week's jobless claims
- On the monetary front, ECB President Christine Lagarde will speak at the European systemic risk conference. In the US, we will have comments from Barr, Mester, Williams, Waller, and Cook, with some of them having multiple participations on the day
- On trade issues, the EU and the US continue to discuss the truce reached on steel and aluminum trade. The Americans are seeking to extend the current terms until 2025, while the Europeans are seeking adjustments to the current deal

### The most relevant economic data...

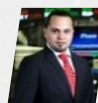
	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
6:30	ECB's Lagarde speaks at ESRB conference				
<b>United States</b>					
8:30	Fed's Mester Delivers Opening Remarks in Financial Stability Conference				
8:30	Initial jobless claims* - Nov 11	thousands	220	222	217
8:30	Philadelphia Fed*-Nov	index	-12.0	-10.3	-9.0
9:15	Industrial production* - Oct	% m/m	--	-0.3	0.3
9:15	Manufacturing production* - Oct	% m/m	-0.3	-0.3	0.4
9:25	Fed's Williams Speaks at US Treasury Market Conference				
10:35	Fed's Barr Speaks at US Treasury Market Conference				

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.
<b>Equity indices</b>		
S&P 500 Futures	4,512.50	-0.1%
Euro Stoxx 50	4,306.87	-0.2%
Nikkei 225	33,424.41	-0.3%
Shanghai Composite	3,050.93	-0.7%
<b>Currencies</b>		
USD/MXN	17.28	-0.1%
EUR/USD	1.08	0.0%
DX	104.48	0.1%
<b>Commodities</b>		
WTI	76.06	-0.8%
Brent	80.55	-0.8%
Gold	1,963.73	0.2%
Copper	371.00	-0.2%
<b>Sovereign bonds</b>		
10-year Treasury	4.50	-3pb

Source: Bloomberg

## Equities

- Mixed equity markets with cautious sentiment as investors assess the monetary outlook and recent weaker-than-expected corporate reports
- Futures in the US anticipate a negative opening with the Nasdaq declining 0.3% below its theoretical value. Cisco Systems is falling -11.4% in pre-market and is headed for its biggest drop in 18 months after indicating that new product orders are slowing. Meanwhile, Eruope trades mixed, with the Eurostoxx down 0.2%. In particular, Burberry shares plunged more than 10% in London, after reporting weaker-than-expected demand. Asia closed with a negative bias
- Of 5 of the S&P500 companies releasing results today, 2 have already done so, where Walmart (-5.7% pre-market) had figures in line with expectations, but signaled caution among US consumers

## Sovereign fixed income, currencies and commodities

- Slightly positive balance in sovereign bonds. The 10-year European rates decline 4bps, on average, while Treasuries' curve adjusts up to -5bps in the long-end. Yesterday, Mbonos printed few changes while Treasuries lost 7bps after mixed data. Hence, the local risk premium (spread between 10-year bonds) declined to 495bps from 503bps, with the Mbono May'33 closing at 9.48%
- Dollar remains steady against widespread losses in G10 currencies with NZD (-0.7%) as the weakest. In EM, the bias is mixed with PLN (+0.4%) and ZAR (-0.6%) at the extremes. The MXN trades at 17.28 per dollar (+0.1%), scoring five positive sessions in a row
- Crude-oil extends slide after US inventories swell to three-month high adding to market sentiment over weaker demand and steady supplies

## Corporate Debt

- Crédito Real reported that the judicial ruling rendered on November 13, 2023 by the First District Judge in Matters of Commercial Bankruptcy was notified to the company, through which the Company's commercial bankruptcy was declared, and the reconciliation stage is declared open
- Fitch Ratings affirmed Naturgy Mexico's long-term rating at 'AAA(mex)'. The outlook is Stable. The ratings are based on the issuer's strong operating performance supported by the regulated nature of the industry in which it operates
- HR Ratings ratified the rating of ELEKTRA 23L / 23-2L / 23UL at 'HR AA' with Stable Outlook, based on the results observed during 2022, in which Elektra presented a negative Free Cash Flow of MXN 5.9 billion

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	34,991.21	0.5%
S&P 500	4,502.88	0.2%
Nasdaq	14,103.84	0.1%
IPC	52,796.47	0.5%
Ibovespa	123,165.76	0.0%
Euro Stoxx 50	4,315.53	0.6%
FTSE 100	7,486.91	0.6%
CAC 40	7,209.61	0.3%
DAX	15,748.17	0.9%
Nikkei 225	33,519.70	2.5%
Hang Seng	18,079.00	3.9%
Shanghai Composite	3,072.84	0.5%
<b>Sovereign bonds</b>		
2-year Treasuries	4.91	8pb
10-year Treasuries	4.53	8pb
28-day Cetes	10.86	-1pb
28-day TIIE	11.51	0pb
2-year Mbono	10.30	-4pb
10-year Mbono	9.50	-1pb
<b>Currencies</b>		
USD/MXN	17.30	-0.3%
EUR/USD	1.08	-0.3%
GBP/USD	1.24	-0.7%
DX	104.39	0.3%
<b>Commodities</b>		
WTI	76.66	-2.0%
Brent	81.18	-1.6%
Mexican mix	72.75	-1.8%
Gold	1,959.85	-0.2%
Copper	371.85	1.0%

Source: Bloomberg

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