

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets negative, with S&P Futures with small changes, government bond yields mixed and USD with losses. Investors are doubting whether central banks are ready to pivot to rate cuts, awaiting tomorrow's US non-farm payrolls and unemployment rate data
- Regarding economic figures, in the US the Challenger, Gray and Christmas report was published, showing 45,510 job cuts in November, which means a drop of 41% y/y, resulting in 686,680 layoffs in the year-to-date. In addition, the initial jobless claims for the week ending December 2 and the consumer credit report for October will be released
- In Japan, the 3Q23 GDP will be published, while in China the trade balance figures for November showed a better than expected performance of exports, while imports contracted
- In Mexico, INEGI published November's inflation at 0.64% m/m, with the core at 0.26%, both slightly below expectations. As such, annual inflation climbed to 4.32% (previous: 4.26%), with the core lower at 5.30% (previous: 5.50%)
- At 12:00pm there will be a press conference between President Andrés Manuel López Obrador and US Treasury Secretary Janet Yellen to discuss fentanyl production and supply chains

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
2:00	GER Industrial Production* - Oct	% m/m	--	0.0	-1.4
5:00	EZ Gross domestic product - 3Q23 (F)	% y/y	--	0.1	0.1
5:00	EUR Gross domestic product* - 3Q23 (F)	% q/q	--	-0.1	-0.1
Mexico					
7:00	Consumer prices - Nov	% m/m	0.66	0.71	0.38
7:00	Core - Nov	% m/m	0.30	0.29	0.39
7:00	Consumer prices - Nov	% y/y	4.34	4.40	4.26
7:00	Core - Nov	% y/y	5.34	5.33	5.50
United States					
8:30	Initial jobless claims* - Dec 2	thousands	220	222	218
15:00	Consumer credit* - Oct	USDbn	--	8.5	9.1
Japan					
18:50	Gross domestic product* - 3Q23 (F)	% q/q	--	-0.5	-0.5

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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Winners of the 2023 award for best Mexico economic, forecasters, granted by Focus Economics

Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,558.00	0.0%
Euro Stoxx 50	4,470.91	-0.3%
Nikkei 225	32,858.31	-1.8%
Shanghai Composite	2,966.21	-0.1%
Currencies		
USD/MXN	17.33	0.3%
EUR/USD	1.08	0.0%
DXY	103.96	-0.2%
Commodities		
WTI	69.92	0.8%
Brent	74.90	0.8%
Gold	2,033.19	0.4%
Copper	374.45	0.8%
Sovereign bonds		
10-year Treasury	4.16	5pb

Source: Bloomberg

Equities

- Cautious sentiment among investors, reflecting questions as to whether monetary policy could be less restrictive than the market is anticipating
- Futures in the US anticipate a mixed opening with the Dow Jones down 0.2% and the Nasdaq up 0.2% above its theoretical value. In particular, AMD rises more than 2.5% on pre-market after presenting new chips aimed at artificial intelligence. On the other hand, in Europe, falls prevailed and the Eurostoxx is slipping 0.3%, dragged down by the health sector. Asia closed with declines, highlighting the Nikkei's -1.8% adjustment due to expectations of further monetary tightening in Japan
- In Mexico, Asur reported low passenger growth, while the focus will remain on the Master Development Program. On the other hand, the Mexbol Index could fall below 54,000pts

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. The 10-year European rates average modest gains of 1bp, while Treasuries' curve adjusts up to +5bps in the belly. Yesterday, Mbonos' curve printed a flattening bias as a result of higher gains at the long-end of 9bps. The 10-year benchmark, Mbono May'33, closed at 9.21% (-7bps)
- Dollar weakens amid a positive performance in most G10 currencies with JPY (+0.9%) leading gains on growing view BoJ to shift monetary policy. In EM, MXN trades as the second weakest losing 0.4% to 17.36 per dollar, while KRW depreciates almost 1.0% on the back of decreasing demand for risk assets
- Crude-oil stages a small recovery but remained near a 5-month low as concerns mount about robust supplies. Widespread gains in metals, with copper advancing 0.3%

Corporate Debt

- Axtel announced that it formalized a US\$60 million loan with the International Finance Corporation (IFC) for a 7-year term, linked to environmental and social commitments. According to the press release, the loan will allow Axtel to finance the deployment of its fiber optic network to telecommunication towers and data centers, as well as to extend its debt maturity profile
- HR Ratings ratified the rating of FHIPOCB 17U / 20 / 21 / 21-2 / 21-3 at 'HR AAA (E)' with a Stable outlook. According to the agency, the ratification is based on the maximum delinquency supported by the issuances under a stress scenario, when compared to the historical default rate. In addition, the bonds have shown an adequate collection performance in the last year

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	36,054.43	-0.2%
S&P 500	4,549.34	-0.4%
Nasdaq	14,146.71	-0.6%
IPC	54,100.38	0.0%
Ibovespa	125,622.65	-1.0%
Euro Stoxx 50	4,483.26	0.7%
FTSE 100	7,515.38	0.3%
CAC 40	7,435.99	0.7%
DAX	16,656.44	0.7%
Nikkei 225	33,445.90	2.0%
Hang Seng	16,463.26	0.8%
Shanghai Composite	2,968.93	-0.1%
Sovereign bonds		
2-year Treasuries	4.59	2pb
10-year Treasuries	4.10	-6pb
28-day Cetes	11.25	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.21	-3pb
10-year Mbono	9.23	-8pb
Currencies		
USD/MXN	17.28	-0.6%
EUR/USD	1.08	-0.3%
GBP/USD	1.26	-0.3%
DX	104.15	0.1%
Commodities		
WTI	69.38	-4.1%
Brent	74.30	-3.8%
Mexican mix	65.31	-3.9%
Gold	2,025.55	0.3%
Copper	373.45	-1.3%

Source: Bloomberg

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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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