Financial Markets Daily

December 14, 2023

Main drivers for the financial markets today…

- Stock markets positive, government bond yields and USD down with investors showing increased optimism about wagers on major central bank cuts in 2024, but watch for any data surprises to cloud that view

- On the monetary policy front, the Bank of England left its benchmark interest rate unchanged at 5.25%. Likewise, Switzerland's central bank left its interest rate unchanged at 1.75%. Norway continued with the upward cycle by raising its rate +25bp to 4.50%. Special attention to the ECB's decision, where we expect no changes in the reference rates for the second consecutive meeting. Lagarde's tone at her conference will be of utmost importance, after the markets assume an upcoming rate cut

- In Mexico, Banxico will announce its decision, where we expect it to leave the target rate unchanged at 11.25%. Attention will be on the tone of the statement, particularly around forward guidance, as well as possible changes to inflation estimates and/or its balance of risks. Later, Peru's central bank is expected to cut its rate to 6.75%

- In the US, attention to retail sales for November, as well as the initial jobless claims. In China, industrial production, gross fixed investment and retail sales for November will be released

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

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
7:00	Monetary policy decision (BoE)	%	--	5.25	5.25
8:15	Monetary policy decision (ECB)	%	4.00	4.00	4.00
8:45	ECB President Christine Lagarde Holds Press Conference				
United States					
8:30	Initial jobless claims* - Dec 9	thousands	222	221	220
8:30	Advance retail sales* - Nov	% m/m	-0.1	-0.1	-0.1
8:30	Ex autos & gas* - Nov	% m/m	--	0.2	0.1
8:30	Control group* - Nov	% m/m	0.2	0.2	0.2
Mexico					
14:00	Monetary policy decision (Banxico)	%	11.25	11.25	11.25
Peru					
18:00	Monetary policy decision (BCRP)	%	--	--	7.00
China					
21:00	Industrial production - Nov	% y/y	--	5.7	4.6
21:00	Retail sales - Nov	% y/y	--	12.5	7.6
21:00	Gross fixed investment (YTD) - Nov	% y/y	--	3.0	2.9

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	4,777.50	0.4%
Euro Stoxx 50	4,565.62	0.8%
Nikkei 225	32,686.25	-0.7%
Shanghai Composite	2,958.99	-0.3%
Currencies		
USD/MXN	17.29	0.3%
EUR/USD	1.09	0.5%
DXY	102.33	-0.5%
Commodities		
WTI	70.95	2.1%
Brent	75.85	2.1%
Gold	2,038.86	0.5%
Copper	388.75	2.7%
Sovereign bonds		
10-year Treasury	3.94	-8pb

Source: Bloomberg

Equities

- Positive movements in equity markets with some stocks indices near or even hitting all-time highs. Risk appetite continues amid expectations of a faster pace on interest rate cuts in 2024 by the Fed

- In Asia the markets closed mixed. In Europe stocks advance, the Eurostoxx adds 0.8%. Shares from utilities and consumer discretionary sectors lead gains. In the US the futures of main indices point to a positive opening by rising 0.4% on average, with the Dow Jones on track to record new all-time highs

- Asur announced yesterday that the Master Development Program 2024-2028 was approved for the airports it operates in Mexico, with higher than expected investments amounts and maximum tariffs. We consider this to be positive as it removes uncertainty regarding negotiations with the corresponding authorities

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. 10-year European rates adjust up to -12bps. Meanwhile, the Treasuries' curve registers gains of 8bps on average. Yesterday, Mbonos' curve steepened with a rally of 17bps at the short- and mid-end, while the longest-end gained 13bps. The 10-year benchmark closed at 9.21% (-18bps)

- The dollar retreats, allowing all of the developed currencies to trade in positive domain with NOK (+2.2%) leading the gains. In EM, the bias is also positive with THB (+2.2%) as the strongest. The MXN is positioned as the weakest among its peers with a 0.3% depreciation, trading at 17.29 per dollar, after gaining 0.4% yesterday

- Crude-oil advances 1.7% due to a weakening in the dollar following signs that the Fed may be ending its hiking cycle. Both, Brent and WTI are trading above 75 and 70 $/bbl, respectively. Metals trade with positive bias highlighting gold with gains of 0.5%

Corporate Debt

- Fibra Shop informed that it prepaid MXN 310 million to the MXN 2.45 billion syndicated credit facility with the proceeds from the first payment on the sale of Kukulcan Plaza

- Fibra Prologis reported that it acquired two industrial properties from Prologis located in Ciudad Juárez and Reynosa for a purchase price of US$120 million. The properties have an area of 1.1 million square feet and are fully leased in dollars

- HR Ratings affirmed Banco Inbursa's 'HR AAA' rating with a Stable outlook. The ratification is based on the bank's solid liquidity and solvency levels, with a Liquidity Coverage Ratio and a net capitalization ratio of 803.8% and 22.5% as of 3Q23

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,090.24	1.4%
S&P 500	4,707.09	1.4%
Nasdaq	14,733.96	1.4%
IPC	55,167.86	1.3%
Ibovespa	129,465.08	2.4%
Euro Stoxx 50	4,530.19	-0.1%
FTSE 100	7,548.44	0.1%
CAC 40	7,531.22	-0.2%
DAX	16,766.05	-0.2%
Nikkei 225	32,926.35	0.3%
Hang Seng	16,228.75	-0.9%
Shanghai Composite	2,968.76	-1.2%
Sovereign bonds		
2-year Treasuries	4.43	-30pb
10-year Treasuries	4.02	-18pb
28-day Cetes	11.25	0pb
28-day TIIE	11.51	0pb
2-year Mbono	10.14	-22pb
10-year Mbono	9.21	-20pb
Currencies		
USD/MXN	17.24	-0.4%
EUR/USD	1.09	0.7%
GBP/USD	1.26	0.4%
DXY	102.87	-1.0%
Commodities		
WTI	69.47	1.3%
Brent	74.26	1.4%
Mexican mix	64.60	0.4%
Gold	2,027.74	2.4%
Copper	378.75	0.0%

Source: Bloomberg

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Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Paula Lozoya Valadez, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cuautencos Mora and Andrea Muñoz Sánchez, 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.
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