

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, government bond yields negative, and the USD with small changes, with investors still betting the US may avoid a recession and the Fed may start cutting interest rates earlier and faster in 2024
- In the Eurozone, December's PMIs corroborated that weakness in the region persists, especially in the manufacturing sector. Thus, expectations that monetary easing could materialize are gaining strength despite a more cautious tone shown by the ECB yesterday
- In China, the PBoC injected record stimulus to the economy through one-year policy loans, amounting to US\$112 billion. This follows an announcement of new support measures for the real estate sector, which are expected to have a greater impact on markets and investors
- Today's agenda includes PMIs and industrial activity figures in the US (with December's Empire manufacturing and November's industrial production). In Mexico, attention will be on Banxico's expectations survey and the MoF's 2024 Annual Financing Plan
- In other news, Argentina's Economy Minister, Luis Caputo, remarked that the objective continues to be to dollarize the economy. Meanwhile, an additional support package for Ukraine from the EU was blocked by Hungary, this in a context in which the latter country has been unwilling to accept Ukraine as member of the block

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Trade balance* - Oct	EURbn	--	10.0	9.2
Brazil					
7:00	Economic activity - Oct	% y/y	--	2.0	0.3
7:00	Economic activity* - Oct	% m/m	--	0.1	-0.1
United States					
8:30	Empire manufacturing* - Dec	index	6.0	2.1	9.1
9:15	Industrial production* - Nov	% m/m	0.2	0.3	-0.6
9:15	Manufacturing production* - Nov	% m/m	0.4	0.5	-0.7
9:45	Manufacturing PMI* - Dec	index	49.1	49.5	49.4
9:45	Services PMI* - Dec	index	--	50.7	50.8
9:45	Composite PMI* - Dec	index	--	50.5	50.7
Mexico					
	Congress' Winter break begins				
10:00	Survey of expectations (Banxico)				

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,786.00	0.3%
Euro Stoxx 50	4,564.04	0.5%
Nikkei 225	32,970.55	0.9%
Shanghai Composite	2,942.56	-0.6%
Currencies		
USD/MXN	17.32	0.7%
EUR/USD	1.10	-0.3%
DXY	102.04	0.1%
Commodities		
WTI	71.98	0.6%
Brent	76.85	0.3%
Gold	2,043.33	0.3%
Copper	387.15	-0.4%
Sovereign bonds		
10-year Treasury	3.91	-1pb

Source: Bloomberg

Equities

- Optimism continues in the stock markets, which remain near record highs. We expect high volatility and volumes surging ~5x in today's trading session, as it is the last & most relevant Triple Witching Day –major expiration of options & futures contracts in US– of the year, coinciding with S&P Dow Jones Indices quarterly rebalancing of benchmark indexes
- Futures in the US anticipate a positive open, with the S&P500 trading 0.3% above its theoretical value and underpinning the seventh straight week of gains. Europe is trading with almost widespread gains, and the Eurostoxx is heading for its fifth week of gains. In Asia, the Hang Seng rose 2.4%, while in China we observed negative closes with the Shanghai index down 0.6%
- The Mexbol Index closed at 57,036pts, rebounding 3.4% yesterday. We expect it to consolidate close to that level today, but we suggest caution in the face of such an accelerated rise

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds extending the rally of the last few days. European 10-year rates register gains of up to 8bps. Meanwhile, the Treasuries yield curve trades with gains of 1bp on average. Yesterday, the Mbonos' curve closed with a 16bps appreciation and the 10-year benchmark ended at 9.05% (-17bps)
- The dollar trades with few changes allowing for a positive bias in the G10 currencies, with NOK (+0.6%) and DKK (-0.3%) at the ends. In EM, trading is capped by ZAR (+1.1%) and RUB (-0.9%). The Mexican peso is the third weakest at 17.32 per dollar with a 0.7% depreciation
- Crude-oil futures are up 0.4% driven by stimulus in China and appetite for risk assets. In metals, the bias is positive, with aluminum (+2.1%) leading the way

Corporate Debt

- Fitch Ratings affirmed Fibra Shop's long- and short-term national ratings at 'A+(mex)' and 'F1+(mex)', respectively. The outlook remained Stable. The ratings consider a good operating performance, the consolidation of revenues from the La Perla property and a gradual deleveraging trend towards ranges close to 6.0x, although at a slower rate than expected
- HR Ratings affirmed Fibra Danhos' ratings at 'HR AAA' and 'HR+1'. The outlook is Stable. The ratification is based on free cash flow generation of MXN 3.3 billion, in addition to the debt structure where no capital amortization pressures are observed until 2026, 2027 and 2030

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,248.35	0.4%
S&P 500	4,719.55	0.3%
Nasdaq	14,761.56	0.2%
IPC	57,036.42	3.4%
Ibovespa	130,842.09	1.1%
Euro Stoxx 50	4,539.16	0.2%
FTSE 100	7,648.98	1.3%
CAC 40	7,575.85	0.6%
DAX	16,752.23	-0.1%
Nikkei 225	32,686.25	-0.7%
Hang Seng	16,402.19	1.1%
Shanghai Composite	2,958.99	-0.3%
Sovereign bonds		
2-year Treasuries	4.39	-4pb
10-year Treasuries	3.92	-10pb
28-day Cetes	11.25	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.05	-9pb
10-year Mbono	9.06	-15pb
Currencies		
USD/MXN	17.19	-0.3%
EUR/USD	1.10	1.1%
GBP/USD	1.28	1.2%
DX	101.96	-0.9%
Commodities		
WTI	71.58	3.0%
Brent	76.61	3.2%
Mexican mix	66.96	3.7%
Gold	2,036.36	0.4%
Copper	389.25	2.8%

Source: Bloomberg

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