

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets lower, government bond yields mixed (albeit with Europe higher), and USD stronger on increased doubts that the Fed will be able to cut rates as soon as expected, mixed data by last week's close, and a more modest uptick than estimated in Germany's factory orders
- Today's agenda includes consumer credit in the US (Nov) and a speech from Bostic of the Fed. No additional figures will be released in Mexico
- Market attention this week on December's inflation in the US, with consensus expecting 0.2% m/m growth (3.2% y/y from 3.1% previously). Price dynamics remain key given labor market strength, with nonfarm payrolls for the same month above expectations
- In monetary policy, speeches from Fed members and decisions in Poland, Korea, and Peru. We also note the Global Risk Report by the World Economic Forum
- On the rest of US data, trade balance (Nov) and producer prices (Dec). In other regions, inflation and trade balance (Dec) in China; industrial production (Nov) in Germany; unemployment rate (Nov) in the Eurozone; and industrial production (Nov) in the UK
- In Mexico, we estimate December's inflation at 0.61% m/m. Other releases include gross fixed investment and private consumption (Oct), along with industrial production (Nov)

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
2:00	GER Trade balance - Nov	EURbn	--	18.0	17.7
5:00	EZ Retail sales* - Nov	% m/m	--	-0.3	0.1
5:00	EZ Consumer confidence - Dec (F)	index	--	--	-15.1
5:00	EZ Economic confidence* - Dec	index	--	94.2	93.8
Mexico					
7:00	Consumer confidence* - Dec	index	46.8	--	47.3
United States					
12:30	Fed's Bostic Speaks on the Economic Outlook				
15:00	Consumer credit* - Nov	USDbn	--	9.5	5.1

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	4,732.75	0.0%
Euro Stoxx 50	4,460.62	-0.1%
Nikkei 225	33,377.42	0.0%
Shanghai Composite	2,887.54	-1.4%
Currencies		
USD/MXN	16.88	0.0%
EUR/USD	1.09	0.0%
DXY	102.50	0.1%
Commodities		
WTI	71.62	-3.0%
Brent	76.59	-2.8%
Gold	2,020.17	-1.2%
Copper	379.95	-0.2%
Sovereign bonds		
10-year Treasury	4.05	0pb

Source: Bloomberg

Equities

- Cautious sentiment as risks and the monetary outlook are weighed. Meanwhile, investors await the start of the 4Q23 earnings season. Bloomberg consensus estimates +1.2% y/y in S&P500 companies' earnings. This week, 8 companies are slated for release, highlighting some in the financial sector on Friday: Bank of America, Bank of New York Mellon, BlackRock, Citigroup, JPMorgan Chase and Wells Fargo. Futures anticipate a slightly negative opening with the Dow trading 0.5% below its theoretical value
- Europe trades mixed and the Eurostoxx is little changed. Asia closed with a negative bias and the Hang Seng adjusted 1.9%
- In Mexico, Gap recorded low passenger growth in December due to NEO aircraft stoppage

Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. 10-year European rates average losses of 5bps, while Treasuries' curve adjusts +1bp with the 10-year benchmark slightly above 4.00%. The Mbonos' curve began the year with an upward adjustment of +15bps on average, after a 100bps rally in the last two months of 2023
- Dollar higher amid a negative performance in all G10 currencies, with NOK (-0.9%) leading losses. In EM, the bias is also negative, with CLP (-1.2%) as the weakest. Meanwhile, the MXN trades virtually unchanged at 16.88 per dollar after four weeks of gains
- Crude-oil collapses around 3% after Saudi Arabia cut official selling prices, underscoring a worse global outlook and outweighing concerns about Red Sea tensions. Widespread losses in metals, with copper weaker

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,466.11	0.1%
S&P 500	4,697.24	0.2%
Nasdaq	14,524.07	0.1%
IPC	56,192.78	1.4%
Ibovespa	132,022.92	0.6%
Euro Stoxx 50	4,463.51	-0.2%
FTSE 100	7,689.61	-0.4%
CAC 40	7,420.69	-0.4%
DAX	16,594.21	-0.1%
Nikkei 225	33,377.42	0.3%
Hang Seng	16,535.33	-0.7%
Shanghai Composite	2,929.18	-0.9%
Sovereign bonds		
2-year Treasuries	4.38	0pb
10-year Treasuries	4.05	5pb
28-day Cetes	11.24	-1pb
28-day TIIE	11.50	0pb
2-year Mbono	10.11	-6pb
10-year Mbono	9.16	-3pb
Currencies		
USD/MXN	16.88	-0.8%
EUR/USD	1.09	0.0%
GBP/USD	1.27	0.3%
DX	102.41	0.0%
Commodities		
WTI	73.81	2.2%
Brent	78.76	1.5%
Mexican mix	68.92	1.7%
Gold	2,045.45	0.1%
Copper	380.60	-1.0%

Source: Bloomberg

Corporate Debt

- Unifin Financiera released the final version of the Bankruptcy Agreement as part of its bankruptcy proceedings
- Grupo Bimbo informed that its subsidiary Bimbo Bakeries USA, Inc. placed a tap issue of its 6.05% Notes due 2029 for an additional US\$450 million, increasing the total amount to US\$900 million
- Also, Bimbo Bakeries USA, Inc. placed US\$800 million of new 5.375% Senior Notes due 2036. The proceeds of the 2029 and 2036 Notes will be used for general corporate purposes

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