

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets mixed, government bond yields down and USD with small changes.** Investors remain on the sidelines as they await the US December inflation report (tomorrow) and continue to debate the timing of when the Fed will initiate Fed funds rate cuts
- **Houthi rebels carried out a new drone and missile attack on cargo ships in the Red Sea.** This raises the risk of a disruption in maritime transport that impacts supply chains and hence prices of several products globally
- **Nikki Haley and Ron DeSantis will participate at the final Republican debate ahead of the Iowa caucuses.** The forum is scheduled to begin at 9pm New York time at Drake University. They will be the only candidates on stage. Trump will once again skip the debate
- **Markets will focus on the speech by Williams of the Federal Reserve who will speak on the economic outlook for 2024.** Later, Korea's central bank will release its monetary policy decision in which no change is expected
- **In México, INEGI published GFI for October at +1.9% m/m (previous: -1.5%), with construction higher (4.0%), but with machinery and equipment slightly lower (-0.6%).** In annual terms this implies +25.5%. INEGI also announced private consumption for the tenth month of 2023, falling 0.3m/m (previous: +0.8%), impacted by the imported component (-1.6%). This implies +5.2% in annual terms

The most relevant economic data...

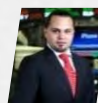
	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
7:00	Gross fixed investment - Oct	% y/y	26.8	23.2	21.9
7:00	Gross fixed investment* - Oct	% m/m	2.4	2.0	-1.5
7:00	Private consumption - Oct	% y/y	4.2	--	4.5
7:00	Private consumption* - Oct	% m/m	-0.8	--	0.8
	Wage negotiations - Dec	% y/y	--	--	11.6
United States					
15:15	Fed's Williams Gives Speech on 2024 Economic Outlook				
South Korea					
	Monetary policy decision (C. bank South Korea)	%	--	3.50	3.50

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	4,792.75	0.0%
Euro Stoxx 50	4,471.76	0.1%
Nikkei 225	34,441.72	2.0%
Shanghai Composite	2,877.70	-0.5%
Currencies		
USD/MXN	16.97	0.0%
EUR/USD	1.09	0.1%
DXY	102.43	-0.1%
Commodities		
WTI	72.57	0.5%
Brent	77.91	0.4%
Gold	2,032.08	0.1%
Copper	378.55	0.7%
Sovereign bonds		
10-year Treasury	4.00	-1pb

Source: Bloomberg

Equities

- Mixed equity markets with a negative bias, with investors weighing monetary and global economic growth outlook, as they await the official start of the corporate earnings season in the US on Friday
- In Europe, markets retreat, the Eurostoxx rises 0.1%. Shares of companies in the health care and materials sectors lead losses, while technology and consumer stocks are the only ones with gains. US futures trade mixed and little changed
- Asia closed mostly negative, however, the Nikkei continued its rally, rising 2.0%, reaching highs not seen since March 1990. In Mexico, the Mexbol Index could be consolidating around 55,100pts

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. Appetite for European bonds remains high with a record placement in Spain (bid-to-cover 9.1x). European 10-year rates show adjustments of -1bp on average. The Treasuries yield curve trades with gains of 2bps. Yesterday, the Mbonos curve closed with losses of 4bps on the mid- and long-end
- The dollar trades little changed while advanced and emerging market currencies trade mixed. In the G-10, NOK (+0.4%) and JPY (-0.4%) are at the ends of the spectrum. In EM, trading is capped by RUB (+0.4%) and PHP (-0.4%). Mexican peso trades little changed at 16.97 per dollar
- Crude-oil futures are up 0.2% on the risk of a supply disruption due to the attacks in the Red Sea. In industrial metals, negative bias prevails while gold gains 0.2%

Corporate Debt

- S&P Global Ratings affirmed GM Financial de México's long-term 'mxAAA' and short-term 'mxA-1+' ratings. According to the agency, the ratings are based on the unconditional and irrevocable guarantee provided by its U.S.-based parent company, General Motors Financial Company, which in turn is owned by General Motors Company ('BBB/Stable'). S&P Global expects high labor costs and increasing pricing pressure to reduce General Motors Co.'s EBITDA margins to below 10% by 2024 and 2025
- GM Financial de México currently has three issues in the corporate debt market, GMFIN 21 / 22 / 23, with an outstanding amount of MXN 6.95 billion (including two tap issues)

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,525.16	-0.4%
S&P 500	4,756.50	-0.1%
Nasdaq	14,857.71	0.1%
IPC	55,105.58	-1.9%
Ibovespa	131,446.59	-0.7%
Euro Stoxx 50	4,467.17	-0.4%
FTSE 100	7,683.96	-0.1%
CAC 40	7,426.62	-0.3%
DAX	16,688.36	-0.2%
Nikkei 225	33,763.18	1.2%
Hang Seng	16,190.02	-0.2%
Shanghai Composite	2,893.25	0.2%
Sovereign bonds		
2-year Treasuries	4.36	-1pb
10-year Treasuries	4.01	-2pb
28-day Cetes	11.28	3pb
28-day TIIE	11.50	0pb
2-year Mbono	10.07	1pb
10-year Mbono	9.16	5pb
Currencies		
USD/MXN	16.97	0.8%
EUR/USD	1.09	-0.2%
GBP/USD	1.27	-0.3%
DXY	102.57	0.4%
Commodities		
WTI	72.24	2.1%
Brent	77.59	1.9%
Mexican mix	67.62	2.0%
Gold	2,030.20	0.1%
Copper	375.85	-1.4%

Source: Bloomberg

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