

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets mixed, with S&P500 futures down, government bond yields up and USD with small changes, with investors cautious awaiting the US labor market report, which may show signs of the economy's health and will help to define the Fed's path for rate cuts going forward**
- **Attention on US December's employment data where consensus anticipates 165k new jobs, after +227k in November. The unemployment rate could remain stable at 4.2%. January's preliminary University of Michigan's consumer sentiment in the US will also be released**
- **Regarding monetary policy, Fed's Goolsbee will speak on CNBC**
- **As for responses from different countries to a possible imposition of tariffs by Trump, Canada was said to be drawing up plans to apply broad tariffs if 25% levies are imposed. China said it has enough fiscal power to respond to external challenges, and promised to better implement pro-growth measures upon Trump's return to the White House**
- **In Mexico, INEGI published November's industrial production at 0.1% m/m (-1.4% y/y). Strength centered in manufacturing (0.7%), albeit with mining also positive (0.4%). On the contrary, construction fell 1.8%**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
7:00	Consumer prices - Dec	% m/m	--	0.55	0.39
7:00	Consumer prices - Dec	% y/y	--	4.86	4.87
Mexico					
7:00	Industrial production - Nov	% y/y	-0.9	-1.2	-2.2
7:00	Industrial production* - Nov	% m/m	0.5	0.1	-1.2
7:00	Manufacturing output - Nov	% y/y	-0.4	-0.6	0.5
United States					
8:30	Nonfarm payrolls* - Dec	thousands	160	163	227
8:30	Unemployment rate* - Dec	%	4.2	4.2	4.2
10:00	U. of Michigan confidence* - Jan (P)	index	--	74.0	74.0

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,942.25	-0.2%
Euro Stoxx 50	5,029.04	0.2%
Nikkei 225	39,190.40	-1.0%
Shanghai Composite	3,168.52	-1.3%
Currencies		
USD/MXN	20.49	-0.1%
EUR/USD	1.03	0.0%
DXY	109.17	0.0%
Commodities		
WTI	76.56	3.6%
Brent	79.61	3.5%
Gold	2,679.04	0.4%
Copper	432.50	0.4%
Sovereign bonds		
10-year Treasury	4.69	0pb

Source: Bloomberg

Equities

- The start of the year continues to be volatile for equity markets, as we see mixed returns in the main indices and cautious investors. Against this backdrop, futures in the US anticipate a negative opening, with the S&P500 trading 0.2% below its theoretical value, resuming trading after yesterday's close, and awaiting the jobs figures to be released, while expectations for rate cuts by the Fed have moderated
- In Europe, mixed movements of moderate magnitude are observed, while in Asia, the falls in the indices in China stood out. China's MSCI is entering a bear market after accumulating a fall of more than 20% from its peak in October, on expectations of higher tariffs by Trump
- In Mexico, the Mexbol continues without clear catalysts, so it could continue to consolidate near 50,000pts

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. The 10-year European rates rise 2bps, on average. Meanwhile, the Treasuries' yield curve prints losses of 2bps at the short-term and few changes at the long-end. Yesterday, Mbonos' curve averaged gains of 3bps, with the 10-year benchmark closing at 10.23% (-5bps)
- Dollar trades with few changes amid a mixed balance in G10 currencies, with JPY (+0.1%) and NZD (-0.2%) at the extremes. In EM, the Mexican peso trades very close the psychological level of 20.50 per dollar, virtually unchanged relative to yesterday's close
- Crude-oil futures rebound 3.00%, reaching a 3-month high amid signs of a tighter global market. In particular, US crude stockpiles decreased due to frigid winter weather. Widespread gains in metals, with gold advancing 0.4%

Corporate Debt

- INVEX Infraestructura announced the sale of 10.8% of the highway project Gana (Grupo de Autopistas Nacionales). The percentage sold was acquired by FIBRAeMx paid through the delivery of Certificates. The sale allows invex to diversify its investments and improve its cash flow distribution
- S&P Global Ratings assigned ratings at 'mxAAA' to two issuances proposed by Grupo Bimbo for up to MXN15.0 billion. The ratings consider the business size, as well as its high geographic diversification

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,635.20	0.0%
S&P 500	5,918.25	0.0%
Nasdaq	19,478.88	0.0%
IPC	49,807.96	0.3%
Ibovespa	119,780.56	0.1%
Euro Stoxx 50	5,017.91	0.4%
FTSE 100	8,319.69	0.8%
CAC 40	7,490.28	0.5%
DAX	20,317.10	-0.1%
Nikkei 225	39,605.09	-0.9%
Hang Seng	19,240.89	-0.2%
Shanghai Composite	3,211.39	-0.6%
Sovereign bonds		
2-year Treasuries	4.26	-2pb
10-year Treasuries	4.69	0pb
28-day Cetes	9.98	-3pb
28-day TIIE	10.26	-1pb
2-year Mbono	9.60	-7pb
10-year Mbono	10.24	-8pb
Currencies		
USD/MXN	20.51	0.5%
EUR/USD	1.03	-0.2%
GBP/USD	1.23	-0.4%
DXY	109.18	0.1%
Commodities		
WTI	73.92	0.8%
Brent	76.92	1.0%
Mexican mix	68.81	0.8%
Gold	2,667.25	0.2%
Copper	430.95	1.2%

Source: Bloomberg

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