

Financial Markets Daily

January 10, 2023

Main drivers for the financial markets today...

- **Negative stock markets, government bond yields and crude-oil up, while the USD is up, with the market assessing hawkish comments from Federal Reserve members. Atlanta's Bostic and San Francisco's Daly pushed their case for rates above 5.00% and stay that way for a long time**
- **Today, top central bankers attend an international symposium at Riksbank in Sweden, including Fed Chair Jerome Powell, BoE Governor Andrew Bailey, and ECB Executive Board member Isabel Schnabel. In addition, the World Bank will release its World Economic Prospects report**
- **In Brazil, inflation for December was published well above the estimate at +0.62% m/m, with which the annual variation continued with the downward trend, standing at 5.79% from the previous 5.90%**
- **In Mexico, INEGI published GFI for October, up 1.4% m/m (previous: -0.7%), with increases in both construction (2.0%) and in machinery and equipment (0.8%). In annual terms this implies +6.2%**
- **Moreover, INEGI also released private consumption for the tenth month of the 2022. It rose 0.2% m/m (previous: 0.3%), boosted by services (0.7%). This implies a total increase in consumption of 5.3% in annual terms**

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Winners of the award for best economic
forecasters for Mexico in 2021, granted by
Refinitiv



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
4:30	Powell, Bailey, Schnabel Speak at Riksbank in Stockholm				
United States					
4:30	Powell Discusses Central Bank Independence at Riksbank Event				
Brazil					
7:00	Consumer prices - Dec	% m/m	--	0.45	0.41
7:00	Consumer prices - Dec	% y/y	--	5.60	5.90
Mexico					
7:00	Gross fixed investment - Oct	% y/y	5.7	3.5	3.3
7:00	Gross fixed investment* - Oct	% m/m	1.1	--	-0.9
7:00	Private consumption - Oct	% y/y	5.6	--	6.1
7:00	Private consumption* - Oct	% m/m	0.3	--	0.4
12:30	Government weekly auction: 1-, 3-, 6-, and 12- month CETES; 10-year Mbono (May'33); 20-year Udibono (Nov'35) and 2-, and 5-year Bondes F				
	Wage negotiations	% m/m	--	--	8.2

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.
<i>Equity indices</i>		
S&P 500 Futures	3,895.00	-0.5%
Euro Stoxx 50	4,046.22	-0.6%
Nikkei 225	26,175.56	0.8%
Shanghai Composite	3,169.51	-0.2%
<i>Currencies</i>		
USD/MXN	19.16	0.0%
EUR/USD	1.07	-0.1%
DX	103.40	0.4%
<i>Commodities</i>		
WTI	74.87	0.3%
Brent	79.82	0.2%
Gold	1,872.92	0.1%
Copper	401.60	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	3.59	5pb

Source: Bloomberg

Equities

- **Negative movements in equity markets as investor concerns resume following hawkish comments from two Fed members, while attention turns to Jerome Powell's speech and any signals on the path of US interest rates**
- **In Asia the markets closed mixed, although with a negative bias. In Europe stocks drop, the Eurostoxx sheds 0.6%. Shares from industrial and materials sectors lead losses, while those from communication services and energy are the only ones with gains. In turn, in the US the futures of main indices point to a negative open by falling 0.5% on average**
- **In Mexico, the Mexbol may stand around the 52,000 pts**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. European assets register an adjustment of +7bps, while Treasuries print losses of 3bps, on average. Locally, the Mbonos' curve began the week with a steepening bias. The 10-year reference, May'33, close at 8.60% (-1bp)**
- **Dollar advances against all the G10 currencies, with AUD (-0.7%) as the weakest. In EM, the bias is mixed with INR (+0.7%) and ZAR (-0.9%) at the extremes. Meanwhile, MXN trades with few changes at 19.16 per dollar, after reaching better levels of 19.09 earlier today**
- **Crude-oil extends yesterday's gains supported by the reopening of the Chinese economy. However, the futures curves for Brent and WTI trade in a bearish contango. In metals, most of the industrial record losses, while gold trades virtually unchanged**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,517.65	-0.3%
S&P 500	3,892.09	-0.1%
Nasdaq	10,635.65	0.6%
IPC	52,280.05	1.1%
Ibovespa	109,129.57	0.2%
Euro Stoxx 50	4,068.62	1.3%
FTSE 100	7,724.94	0.3%
CAC 40	6,907.36	0.7%
DAX	14,792.83	1.3%
Nikkei 225	25,973.85	0.0%
Hang Seng	21,388.34	1.9%
Shanghai Composite	3,176.08	0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	4.21	-4pb
10-year Treasuries	3.53	-3pb
28-day Cetes	10.51	1pb
28-day TIIE	10.77	1pb
2-year Mbono	10.12	-1pb
10-year Mbono	8.52	-4pb
<i>Currencies</i>		
USD/MXN	19.15	0.0%
EUR/USD	1.07	0.8%
GBP/USD	1.22	0.8%
DXY	103.00	-0.8%
<i>Commodities</i>		
WTI	74.63	1.2%
Brent	79.65	1.4%
Mexican mix	63.50	1.6%
Gold	1,871.81	0.3%
Copper	402.65	3.0%

Source: Bloomberg

Corporate Debt

- **Genomma Lab Internacional informed that International Finance Corporation (IFC) granted Genomma a multi-currency long-term loan equivalent to US\$60 million**
- **The loan from IFC will help Genomma to expand in Latin America and the Caribbean, as well as to increase over-the-counter meds supply and affordable personal care products throughout the region**
- **PCR Verum affirmed Banco del Bajío's ratings at 'AAA/M' with Stable outlook. BanBajío's ratings consider the favourable development of its operation through a solid business model**

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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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