

Financial Markets Daily

January 11, 2023

Main drivers for the financial markets today...

- **Positive stock markets, government bond yields down and USD stable with investors betting on a possible moderation in U.S. inflation that could drive the pace of Fed's rate hikes and optimistic about China's economic reopening**
- **Despite the fact that the rebound in the number of infections in China is affecting economic activity, the negative effect of the rapid reopening of the Asian country is expected to be short-lived. It is estimated that the peak of infections will be reached in a couple of months and as happened last year in Hong Kong and Taiwan, household spending will rebound quickly after that**
- **In the US, the House of Representatives created a Committee to address threats from China that include geopolitical, business and technological aspects. The first bipartisan victory for Kevin McCarthy. Air traffic in the US is severely affected with hundreds of flights delayed and several canceled (1,300 in total) due to a major technical problem**
- **With the economic agenda empty, investors will be attentive to the speeches of several ECB members. Later tonight, China will release CPI figures for December**
- **In Mexico, INEGI published industrial production for November, unchanged at 0.0% m/m (+3.2% y/y), better than expected. We highlight the increase in construction (+0.7% m/m), albeit with declines in manufacturing (-0.5% m/m) and mining (-0.5%)**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Industrial production - Nov	% y/y	2.3	2.8	3.1
7:00	Industrial production* - Nov	% m/m	-0.4	--	0.4
7:00	Manufacturing output - Nov	% y/y	3.9	--	5.3
<i>Brazil</i>					
7:00	Retail sales - Nov	% m/m	--	2.0	2.7
7:00	Retail sales* - Nov	% m/m	--	-0.3	0.4
<i>China</i>					
20:30	Consumer prices - Dec	% y/y	--	1.8	1.6

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	3,943.00	0.1%
Euro Stoxx 50	4,100.51	1.1%
Nikkei 225	26,446.00	1.0%
Shanghai Composite	3,161.84	-0.2%
<i>Currencies</i>		
USD/MXN	19.07	0.0%
EUR/USD	1.07	0.0%
DXY	103.35	0.1%
<i>Commodities</i>		
WTI	75.47	0.5%
Brent	80.53	0.5%
Gold	1,877.51	0.0%
Copper	410.25	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	3.58	-4pb

Source: Bloomberg

Equities

- **Positive movements in stock markets, reflecting dip buying's as investors assess the possibility of less aggressive interest rate hikes and await further confirmation of lower inflation levels. In addition, optimism is driven by China's economic reopening**
- **Futures in the US anticipate a slightly positive opening with the S&P500 trading 0.1% above its theoretical value. Bed, Bath & Beyond is up more than 20.0% on pre-market, although the company's financial risks remain latent. Europe trades higher, with the Eurostoxx advancing 1.1%, registering the largest increases in the real estate and communications sectors. Asia closed with gains, with the Nikkei rising 1.0% and the Hang Seng 0.5%, favored by better economic prospects in China**
- **In Mexico, the Mexbol Index could be consolidating around 52,600pts, following its international peers**

Sovereign fixed income, currencies and commodities

- **Positive performance of sovereign bonds. European assets trade with gains of up to 11bps while the Treasuries yield curve trades with a flattening, as a result of 2bps gains on the short-end and -5bps adjustments on long-term tenors. Yesterday, the Mbonos' curve closed with losses of 6bps on average**
- **The dollar trades with few changes while in developed currencies the bias is negative and emerging currencies trade with mixed changes. In the first group, SEK (-0.6%) leads the declines and in the second RUB (+1.7%) is the strongest and KRW (-0.2%) is at the opposite end of the spectrum. MXN print few changes, trading at 19.07 per dollar**
- **Crude oil prices advance 0.3% on slight optimism over China's reopening while investors await the EIA inventories report. In industrial metals, the performance is positive, with nickel (+1.5%) leading the gains**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,704.10	0.6%
S&P 500	3,919.25	0.7%
Nasdaq	10,742.63	1.0%
IPC	52,344.02	0.1%
Ibovespa	110,816.71	1.5%
Euro Stoxx 50	4,057.46	-0.3%
FTSE 100	7,694.49	-0.4%
CAC 40	6,869.14	-0.6%
DAX	14,774.60	-0.1%
Nikkei 225	26,175.56	0.8%
Hang Seng	21,331.46	-0.3%
Shanghai Composite	3,169.51	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	4.25	4pb
10-year Treasuries	3.62	9pb
28-day Cetes	10.46	-5pb
28-day TIIE	10.77	-1pb
2-year Mbono	10.16	3pb
10-year Mbono	8.59	7pb
<i>Currencies</i>		
USD/MXN	19.07	-0.4%
EUR/USD	1.07	0.0%
GBP/USD	1.22	-0.2%
DX	103.24	0.2%
<i>Commodities</i>		
WTI	75.12	0.7%
Brent	80.10	0.6%
Mexican mix	63.89	0.6%
Gold	1,877.03	0.3%
Copper	407.75	1.3%

Source: Bloomberg

Corporate Debt

- **Corpovael (Issuer) informed that on January 23rd, 2023, the company will carry out the voluntary total early amortization of its unsecured issuance CADU 18**
- **The bond CADU 18 has an outstanding amount of MXN 143 million and it's rated at 'HR BBB+' by HR Ratings and 'BBB+/M' by PCR Verum**
- **Instituto Fonacot informed that during 2022 it granted 1.3 million loans for a total amount of over MXN 31.9 billion, surpassing the set annual goal (MXN 28.0 billion). The average amount of the institute's approved loans was of MXN 24,000**

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