

Financial Markets Daily

January 12, 2023

Main drivers for the financial markets today...

- **Stocks markets positive, S&P500 futures with small changes, USD and government bond yields negatives, with investors awaiting US inflation report that could show it is subsiding further, reducing pressures for aggressive rate hikes from the Fed**
- **Today's attention will be on December's inflation in the US, where we expect a slight moderation in annual terms (6.9%), supported by core component (5.7%). In this context, today there will be several speeches from Fed members (Harker, Bullard and Barkin). In addition, in the morning, President Biden will give a speech on inflation and the economic outlook**
- **In China, PPI in December surprised to the downside (-0.7% y/y), while CPI resulted in line with expectations (1.8%), giving more room for an accommodative monetary policy. At night, we will have this country's trade balance figures for the last month of 2022**
- **On the monetary policy front, we await the decision in South Korea and expecting a 25bps hike, taking the rate to 3.50%**
- **Yesterday, Mexico and Canada won the trade dispute with the US over the automotive sector's rules of origin within the USMCA, providing higher incentives to producers to assemble vehicles and parts in these countries**

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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
<i>United States</i>					
7:30	Fed's Harker discusses the economic outlook				
8:30	Consumer prices* - Dec	% m/m	0.0	0.0	0.1
8:30	Ex. food & energy* - Dec	% m/m	0.3	0.3	0.2
8:30	Consumer prices - Dec	% y/y	6.9	6.5	7.1
8:30	Ex. food & energy - Dec	% y/y	5.7	5.7	6.0
8:30	Initial jobless claims* - Jan 7	thousands	215	215	204
11:00	Fed's Bullard Discusses the US Economy and Monetary Policy				
<i>China</i>					
22:00	Trade balance	USDbn	--	78.0	69.3
22:00	Exports	% y/y	--	-12.0	-8.9
22:00	Imports	% y/y	--	-9.9	-10.6
<i>South Korea</i>					
	Monetary policy decision (C. bank of S. Korea)	%	--	3.50	3.25

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	3,995.75	0.1%
Euro Stoxx 50	4,130.13	0.7%
Nikkei 225	26,449.82	0.0%
Shanghai Composite	3,163.45	0.1%
<i>Currencies</i>		
USD/MXN	18.93	0.0%
EUR/USD	1.08	0.0%
DX	103.04	-0.1%
<i>Commodities</i>		
WTI	78.53	1.4%
Brent	83.90	1.5%
Gold	1,887.20	0.6%
Copper	415.05	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.52	-2pb

Source: Bloomberg

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Equities

- **Stock markets with positive sentiment, with investors awaiting US inflation data, anticipating a slight drop in December. Which could imply a slower pace of rate hikes**
- **US markets trade with no clear trend, with the S&P 500 and Nasdaq futures oscillating between losses and gains. Meanwhile, Europe advanced, with the Eurostoxx up 0.7%, supported by the real estate sector. Asia closed without major changes, although with a positive bias, highlighting the 0.4% rise in the Hang Seng Index, after the publication of December inflation data in China, which remained in line with expectations. Finally, in Mexico, the Mexbol Index could hover around 53,500pts.**
- **On the corporate front, Tesla shares fall on premarket after announcing that the expansion of a plant in Shanghai has been delayed**

Sovereign fixed income, currencies and commodities

- **Positive bias in sovereign bonds. European assets gain up to 8bps. Treasuries register a slight flattening with 3bps gains at the long-end and little change at the short-end. Yesterday, the Mbonos' curve posted gains of 3bps, on average, and the 10-year benchmark, May'33, closed at 8.64% (-5bps)**
- **The dollar slightly down, while developed currencies trade with mixed returns with JPY (+1.8%) and NZD (-0.3%) at the extremes. In EM, the bias is positive with RUB (+1.8%) leading the gains. Meanwhile, MXN trades with few changes at 18.92 per dollar, after gaining 0.7% yesterday**
- **Crude-oil futures advance for sixth consecutive day on optimism over higher demand in China and expectations of weakening in US inflation. Metals register mixed performances with gold gaining 0.5% and copper losing 0.4%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,973.01	0.8%
S&P 500	3,969.61	1.3%
Nasdaq	10,931.67	1.8%
IPC	53,209.00	1.7%
Ibovespa	112,517.08	1.5%
Euro Stoxx 50	4,099.76	1.0%
FTSE 100	7,724.98	0.4%
CAC 40	6,924.19	0.8%
DAX	14,947.91	1.2%
Nikkei 225	26,446.00	1.0%
Hang Seng	21,436.05	0.5%
Shanghai Composite	3,161.84	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	4.22	-3pb
10-year Treasuries	3.54	-8pb
28-day Cetes	10.48	2pb
28-day TIE	10.77	0pb
2-year Mbono	10.12	-4pb
10-year Mbono	8.57	-3pb
<i>Currencies</i>		
USD/MXN	18.93	-0.7%
EUR/USD	1.08	0.2%
GBP/USD	1.21	-0.1%
DXY	103.19	0.0%
<i>Commodities</i>		
WTI	77.41	3.0%
Brent	82.67	3.2%
Mexican mix	66.24	3.7%
Gold	1,875.69	-0.1%
Copper	416.60	2.2%

Source: Bloomberg

Corporate Debt

- **S&P Global Ratings downgraded Mexarrend's ratings to 'mxCCC-' from 'mxC' and kept them in Negative CreditWatch. The downgrade reflects the agency's uncertainty on Mexarrend's ableness to face its debt service**
- **Grupo Aeroportuario del Pacífico informed the use of a bank line of credit for MXN 1.0 billion, with an 18-month term and a floating rate of TIE-28 + 30bps. The funds from the loan will be used to fund capital investments**
- **Grupo Famsa informed that the company's results continue to be considerably affected, so, given the lack of cash flow to face the operation expenses, it was forced to carry out the closing of 99 stores**

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal and Daniel Sebastián Sosa Aguilar certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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