

FEBRUARY 12, 2024

Breaking records

During the week, the S&P 500 surpassed the 5,000-point mark for the first time in its history, driven by a resilient economy and declining inflation. On Tuesday, January's inflation will be released, expected to be below 3%. However, throughout the week, Fed members reiterated Powell's cautious message about future rate cuts. In China, the market closed its best week in months following the announcement of new government measures. Finally, earnings reports for the week were positive, although the market remains attentive to corporate expectations.

Inflationary slowdown expected in the U.S. January inflation is released on Tuesday and is expected to slow to 2.9% YoY, which would be the lowest level since March 2021. However, Fed members reiterated that it is early to cut rates, in line with Powell's message earlier in the month. Despite the slowdown in headline inflation, inflation excluding energy and food is expected to barely moderate to 3.7% YoY from 3.9%.

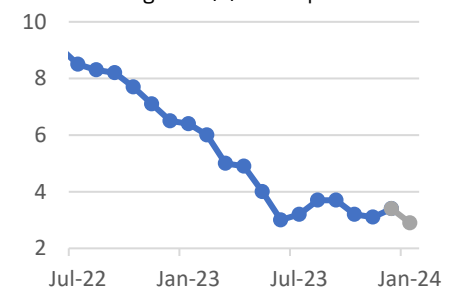
Deflation deepens in China. In January, consumer price index (CPI) growth was negative for the fourth consecutive month. The 0.8% YoY decline was the largest in 15 years. Derivative runs on the CSI1000 led to a near 6% drop in the index at the start of the week. In response, authorities limited short selling of equities and announced heavy buying of Chinese assets and indices by sovereign wealth funds. In addition, Xi Jinping's direct intervention in the issue was interpreted as a sign of concrete and sustained government involvement. As a result, the CSI 300 closed its best week in 6 months, rising almost 6%.

Another good week of corporate earnings. With more than two-thirds of the S&P 500 companies having reported, earnings growth of 2.9% YoY is expected. However, the market is much more expectant about growth expectations for the next quarter than past results. In recent days, the prices of stocks that reported better-than-expected results and showed encouraging prospects rose 3% the following day on average. This week will see the last companies report this season, including Coca-Cola and Airbnb on Tuesday, and Cisco on Wednesday.

	Weekly Close	Last Week	Year to date
S&P 500	5.027	1,4	5,5
Dow Jones	38.672	0,1	2,7
NASDAQ	15.991	2,3	6,6
Stoxx 600	485	0,2	1,2
Shanghai	3.365	5,8	(1,9)
Bovespa	128.026	0,7	(4,6)
Merval	922	(8,5)	(4,2)
Brent	82,2	6,3	6,7
Gold	2.024,3	(0,8)	(1,9)
EUR/USD	1,08	(0,0)	(2,3)
DXY	104,1	0,2	2,7
2Y Treas.	4,48	12	5
10Y Treas.	4,18	16	30
30Y Treas.	4,37	15	41

Disinflation expectations

Annual change CPI (%) and expected.



Source: Bloomberg

China in deflation as in 2009

Annual change CPI (%)



Source: Bloomberg

WEEKLY RETURNS
Fluctuations expressed in USD – Total Returns

Name	Price	5D	1M	3M	YTD	1 year	Max 52w	Min 52w	Var Max 52w	Var Min 52w
Equity										
S&P 500	5.027	1,4	5,2	14,3	5,5	24,9	5.027	3.856		30,4
Nasdaq 100	15.991	2,3	6,8	16,1	6,5	36,5	15.991	11.139		43,6
DJIA	38.672	0,1	3,0	13,4	2,7	16,7	38.726	31.819	(0,1)	21,5
Russell 2000	10.730	2,4	3,1	18,3	(0,8)	6,4	11.015	8.700	(2,6)	23,3
MSCI ACWI	400	1,0	3,2	12,6	3,0	17,6	400	322		24,1
MSCI ACWI EX US	287	0,3	(0,0)	9,3	(1,1)	6,8	291	253	(1,2)	13,5
MSCI EM	519	0,8	(0,1)	5,3	(2,7)	0,8	542	473	(4,1)	9,7
Argentina: Merval (CCL)	922	(8,5)	3,6	25,8	(4,2)	30,9	1.009	555	(8,7)	66,0
MSCI Brazil	595	0,7	(4,3)	5,7	(6,1)	25,7	637	428	(6,6)	38,9
MSCI México	57.328	(1,5)	3,1	12,5	(0,1)	13,2	58.712	48.198	(2,4)	18,9
MSCI ASIA	594	1,0	0,4	4,5	(2,8)	(2,4)	626	547	(5,2)	8,6
MSCI ASIA EX JAPAN	500	0,9	0,2	4,0	(3,1)	(3,9)	533	464	(6,1)	7,8
MSCI CHINA	3.365	5,8	2,1	(4,9)	(3,2)	(20,4)	4.162	3.180	(19,2)	5,8
S&P BSE Sensex	862	(1,0)	(1,6)	10,6	(0,8)	18,5	883	693	(2,4)	24,5
Stoxx 600	485	0,1	0,1	10,9	(1,0)	10,6	487	430	(0,4)	12,9
Fixed Income										
US										
US Bloomberg Agg	2.130	(0,8)	(1,2)	4,8	(1,5)	2,4	2.169	1.978	(1,8)	7,7
US High Yield	2.484	0,1	0,3	6,3	0,2	10,2	2.486	2.212	(0,1)	12,3
Global Agg	458	(0,8)	(1,8)	4,5	(2,8)	1,0	473	429	(3,1)	6,8
Global High Yield	427	0,1	0,0	6,6	(0,0)	9,8	427	380	(0,2)	12,3
Bonos Tesoro Americano										
Tasa FED	5,33					75	5,33	4,57		76
2 años	4,48	12	34	(58)	(36)	(4)	5,22	3,77	(74)	71
5 Años	4,14	15	65	(20)	25	56	4,96	3,30	(82)	84
10 Años	4,18	16	54	(17)	37	75	4,99	3,31	(81)	87
30 Años	4,37	15	30	(28)	23	66	5,11	3,55	(74)	82
Currencies & Commodities										
Euro (USD/EUR)	1,08	(0,0)	(1,5)	0,9	(2,3)	1,0	1,12	1,05	(4,0)	3,0
Yen (JPY/USD)	149,29	(0,6)	(3,0)	1,5	(5,5)	(12,0)	151,72	130,73	(1,6)	14,2
Real (BRL/USD)	4,95	0,3	(2,0)	(0,9)	(2,0)	5,2	5,30	4,73	(6,5)	4,8
Peso Uruguayo (UYU/USD)	39,16	(0,4)	0,1	1,9	(0,8)	(0,3)	40,06	37,38	(2,2)	4,8
Peso Argentino (ARS/USD)	1.228,37	3,1	(6,0)	(26,7)	(21,5)	(69,9)	1.335,70	362,16	(8,0)	239,2
Oro	2.024,3	(0,8)	(1,2)	4,3	(1,9)	8,5	2.077,5	1.811,0	(2,6)	11,8
Oil	82,19	6,3	5,0	0,9	6,7	(4,9)	96,55	71,84	(14,9)	14,4
Gas	1,85	(11,2)	(44,2)	(39,1)	(26,5)	(26,5)	3,58	1,85	(48,3)	

Source: Bloomberg y Latin Securities

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