

Weekly Activest

Week from the 29th of January to the 2nd of February

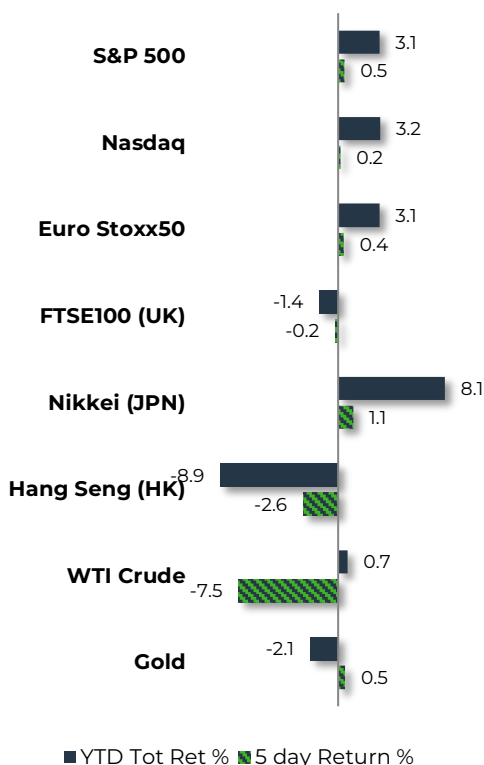


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United States

- According to employment figures, December job openings (JOLTS) rebounded to 9.0 million from 8.9 million in November and an estimated 8.8 million.
 - Meanwhile, non-farm payrolls revealed the generation of 353,000 jobs, exceeding the 185,000 expected. The unemployment rate remained at 3.7%, and wages increased by 4.5%, compared to 4.1% in the previous month and 4.1% as expected.
- In a decision widely anticipated by the market, the FED again left the federal funds rate range unchanged at 5.25% - 5.50%. It emphasized that the Committee does not believe it is appropriate to reduce the rate until it has gained greater confidence that inflation is sustainably heading towards 2%.
 - Meanwhile, Jerome Powell ruled out the possibility of a cutback as early as March.
- The fourth quarter 2023 reporting season is 37% complete, with 78% of the sample reporting higher-than-expected earnings and 57% announcing higher sales. On this data, earnings are down 1% year over year (YoY), while sales are up 4% YoY.

Monitor



Note: Indicative returns recorded as of 10:00 ET today.

"Time in the market, beats timing the market."

Ken Fisher

Europe

- The region's economy stagnated in 4Q23 compared to the previous quarter. In its annually variation, the economy barely expanded 0.1% compared to 2022. Germany, the largest economy in the bloc, experienced a quarterly contraction of 0.3% and an annual decline of 0.3%, affected by high inflation, higher energy prices and weak external demand.
 - Germany's inflation slowed more than expected in January to an annual rate of 3.1% from 3.8% in December, due to lower energy prices.
- The Bank of England left its reference rate unchanged at 5.25%, stating that inflation is moving in the right direction. On the other hand, it abandoned its previous warning that rates could rise again and, instead, indicated that rates would be "subject to review".

Asia

Japan

- Prime Minister Fumio Kishida announced that his government would do everything possible to accelerate real wage growth and thus put an end to deflation.
- The unemployment rate improved to 2.4% in December and was better than the consensus expectation of 2.5%.

China

- A Hong Kong court ordered the liquidation of real estate developer Evergrande, after the latter failed to reach a restructuring agreement with its international creditors.
- The manufacturing PMI contracted for the fourth consecutive month in January, although it was positively in line with consensus forecasts.

Latin America

Argentina

- The IMF approved a disbursement of US\$4.7bn to support the government in its implementation of new measures aimed at restoring macroeconomic stability.

Brazil

- As expected, the Central Bank cut the Selic reference rate by 50 basis points to 11.25%. It also indicated that there would be further cutbacks of this magnitude in future announcements, given that inflation has decelerated to such an extent that it is already within its target range.

Mexico

- The economy moderated its pace of expansion in the 4Q23, after growing 0.1% quarterly from 1.1% in the previous quarter. For the full year 2023, the economy grew 3.1%, a rate similar to that recorded in 2022.
 - The IMF upgraded its economic growth forecast to 2.7% from 2.1% for 2024. This would be the result of the momentum of the U.S. economy, as well as a good performance of domestic demand.
- Remittances totaled US\$5.5bn during December, which implied an annual increase of 2.1%. By 2023, remittances totaled US\$63.3bn, higher than the US\$58.9bn reported in 2022 and representing an annual growth of 7.6%.

Invesco QQQ ETF (Nasdaq 100 Index)



Source: Bloomberg

10-year Treasury bond yield



Source: Bloomberg

Important Events in the Coming Week

- In the U.S., several members of the FED will hold speeches **02/5-7**
- Inflation figures to be released in China **02/7**

In a few words...

FED: Holds rates, rules out rush to implement cutbacks

After December inflation accelerated to 3.4% annually, where shelter costs, which have a significant weight, continue to look at a very gradual pace; and after knowing the first revision of the 4Q23 GDP, which showed a robust annualized growth of 3.3% (beating expectations of 2%), the Federal Reserve (FED) made the unanimous and widely anticipated market decision to again leave the target range for the federal funds rate unchanged (for the fourth consecutive occasion) at 5.25% - 5.50% (the highest level in the last 22 years).

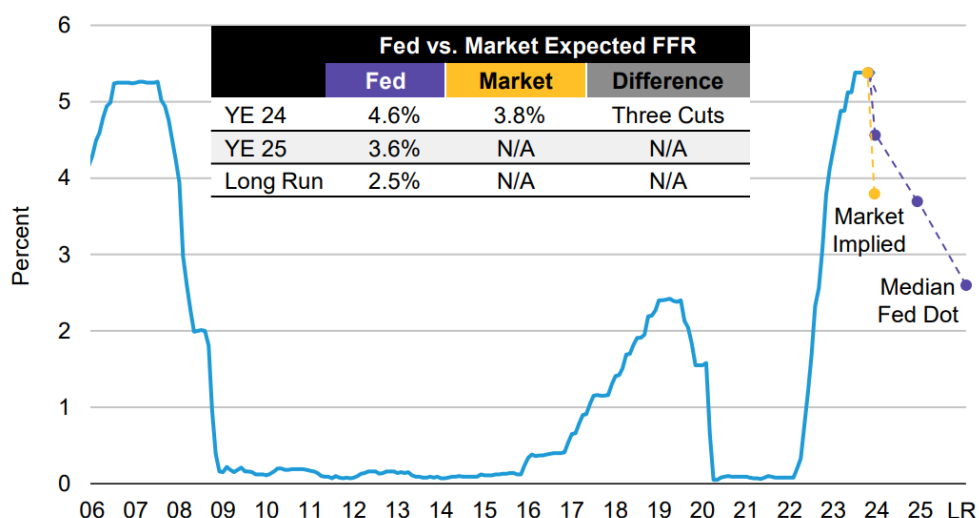
In this context, the statement noted that recent indicators suggest that economic activity has been expanding at a solid pace, with employment prevailing strong, while inflation, although it has declined over the past year, still remains elevated. Therefore, and as part of a modification from previous statements, the Committee emphasized that it believes the risks to achieving its employment and inflation targets are moving toward a better balance.

Another important change in the statement was that it modified the following wording: "to determine the degree of additional monetary policy tightening that might be appropriate to eventually return inflation to 2%", replacing it with "in considering any adjustment to the target range for the federal funds rate". This could be interpreted to mean that the hiking cycle may have come to an end, while the Committee will continue to take into consideration all incoming information, the developing environment and the balance of risks when making future decisions.

Finally, among other changes in language, and no less relevant, is the Committee's strong message that it is in no hurry to start reducing the federal funds rate range, stating that "the Committee does not expect it to be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%".

In his press conference, Jerome Powell considered that rates are at the peak of this tightening cycle and did not rule out the possibility that they could remain elevated if necessary. The overall message focused on the FED needing further evidence that inflation is consistently heading towards its target, and he was positive about the results achieved over the last year, reaffirming the importance of carefully assessing economic developments before making future decisions.

Expectation for Federal Funds Rate



Currencies

	Price	5D Change%	5D Close	YTD%	52 Week High	52 Week Low
EUR/USD	1.08	-0.40	1.09	-2.07	1.13	1.04
USD/ARS	827.35	-0.46	823.55	-2.28	828.36	187.82
USD/BRL	4.95	-0.73	4.91	-1.81	5.34	4.70
USD/MXN	17.13	0.19	17.16	-0.92	19.29	16.63
USD/COP	3928.02	-0.39	3912.60	-1.86	4994.00	3805.13
USD/CHF	0.86	0.09	0.86	-2.55	0.94	0.83
GBP/USD	1.27	-0.31	1.27	-0.53	1.31	1.18
USD/JPY	147.85	0.19	148.15	-4.62	151.91	128.33
USD/CNY	7.19	-0.16	7.18	-1.24	7.35	6.74

Source: Bloomberg

10Y Government Bond Yields

	Yield	YTD(bp)	52 Week High	52 Week Low
Reference Rates				
Fed Funds Rate	5.33	0.0	5.33	4.57
SOFR 3M	5.29	-4	5.43	4.69
North America				
US	3.99	11	5.02	3.25
Canada	3.34	23	4.29	2.63
LatAm				
Argentina (ARS)	70.87	77	116.19	68.09
Brazil (BRL)	10.61	24	13.74	10.29
Colombia (COP)	9.62	-34	13.40	9.56
Mexico (MXN)	9.20	25	10.26	8.54
Europe				
France (EUR)	2.71	15	3.60	2.40
Germany (EUR)	2.21	18	3.03	1.89
Italy (EUR)	3.77	7	5.05	3.46
Spain (EUR)	3.13	14	4.13	2.81
Swiss (CHF)	0.84	13	1.60	0.59
England (GBP)	3.86	32	4.75	2.99

Source: Bloomberg

Commodities

Commodity	Price	5D Change%	YTD %	52 Week High	52 Week Low	Units
Aluminum	2,217.50	0.02	-5.70	2,606.00	2,060.50	Tons
Copper	382.95	-0.58	-1.57	423.70	351.95	Pounds
Gold	2,028.10	0.54	-2.11	2,130.20	1,809.40	Troy Ounce
Silver	22.71	-0.73	-5.73	26.24	19.83	Troy Ounce
Petróleo (Brent)	77.21	-7.59	0.22	97.69	70.12	Barrel
Petróleo (WTI)	72.15	-7.51	0.70	95.03	63.64	Barrel
Gasoline	213.38	-6.99	1.48	299.36	196.72	Gallon
Natural Gas	2.07	-23.71	-17.70	3.63	1.94	MMBTU

Source: Bloomberg

Glossary

Currency Codes

Code	Currency	Code	Currency
ARS	Argentinian Peso	HKD	Hong Kong Dollar
AUD	Australian Dollar	JPY	Japanese Yen
BRL	Brazilian Real	MXN	Mexican Peso
CAD	Canadian Dollar	RUB	Russian Ruble
CHF	Swiss Franc	USD	US Dollar
CNY	China Yuan	MXN	Mexican Peso
COP	Colombian Peso	RUB	Russian Ruble
EUR	Euro	THB	Thailand Baht
GBP	Sterling Pound	USD	US Dollar

Abr.	Description	Abr.2	Description
bbl	barrel	IMF	International Monetary Fund
BoE	Bank of England	Latam	Latin America
BoJ	Bank of Japan	Libor	London interbank offered rate
bp	Basic points	m b/d	Million barrels per day
BRICS	Brazil, Russia, China, India, South Africa	M1	A measure of the money supply that includes all of the physical money like bills and coins as well as demand deposits, current accounts, and negotiable disposal order accounts.
DCF	Discounted Cash Flow	M2	A measure of the money supply that includes cash and deposits (M1) plus savings deposits, common monetary investment funds and other term deposits.
DM	Developed Market	M3	A measure of the monetary supply that includes M2 as well as large time deposits, institutional money market funds, short-term repurchase agreements and larger liquid assets.
EBITDA	Earnings Before Interest Taxes Depreciation and Amortization	M&A	Mergers and Acquisitions
ECB	European Central Bank	MoM	Multiple of Money
EEMEA	Eastern Europe, Middle East and Africa	P/B	Price-to-book value
EM	Emerging Market	P/E	Price to Earnings ratio
EMEA	Europe, Middle East and Africa	PBoC	People's Bank of China
EPS	Earnings Per Share	PMI	Purchasing Manager's Index
ETF	Exchange Trade Fund	PPP	Purchasing Power Parity
FCF	Free Cash Flow	QE	Quantitative Easing
Fed	United States Federal Reserve	QoQ	Quarter on Quarter
FFO	Funds From Operations	REIT	Real Estate Investment Trust
FOMC	Federal Open Market Committee	ROE	Return Of Equity
FX	Foreign Exchange	ROIC	Return On Invested Capital
G10	The Group of Ten	RRR	Required Rate of Return
G3	The Group of Three	VIX	Volatility Index
GDP	Gross Domestic Product	WTI	"West Texas Intermediate"
HC	Hard Currency	YoY	Year over Year
HY	High Yield	YTD	Year To Date
IG	Investment grade		

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