

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets negative, government bond yields mixed, and USD up, on some profit taking after certain disappointing earnings results and assimilating recent central bank's monetary policy decisions, but still remaining confident the US will be able to avoid a recession
- Japan's central bank left its benchmark rate unchanged last night and signaled that it will keep the pause in its rate hike cycle longer than anticipated, so an increase at the October meeting seems to be ruled out
- Meanwhile, markets will be watching for comments from ECB's Lagarde and Fed's Harker
- House Republicans have made it clear that they want to reach a deal soon to avoid a shutdown and are discussing a bill that would keep federal agencies funded until mid-December, an idea in line with what Democrats have said they would support. The new proposal could be put to a vote early next week and leaves out any election-related provisions
- In Mexico the survey of banking sector expectations will be released

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
10:00	Consumer confidence* - Sep (P)	index	--	-13.2	-13.5
Mexico					
16:30	Citibanamex Survey of Economists				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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Winners of the award as the best economic forecasters in Mexico by LSEG in 2023



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,768.25	-0.2%
Euro Stoxx 50	4,906.11	-0.8%
Nikkei 225	37,723.91	1.5%
Shanghai Composite	2,736.81	0.0%
Currencies		
USD/MXN	19.40	0.4%
EUR/USD	1.12	0.0%
DX	100.82	0.2%
Commodities		
WTI	71.75	-0.3%
Brent	74.57	-0.4%
Gold	2,614.84	1.1%
Copper	429.30	0.2%
Sovereign bonds		
10-year Treasury	3.73	2pb

Source: Bloomberg

Equities

- We conclude the week with almost generalized profit-taking in main stock indices after yesterday's rise. Today we expect high volatility and volumes increasing by ~4x, as it is 'Triple Witching Day' –major expiration of futures and options in the US–, and coinciding with the quarterly rebalancing of benchmark indices of S&P Dow Jones Indices, including the Mexbol (Lacomex joins the sample)
- Futures in the US anticipate a negative opening with the S&P500 trading 0.2% below its theoretical value, having reached another new all-time high yesterday, being the 39th of 2024. FedEx shares fell after a report that disappointed investors, in addition to warning of a further slowdown for the business
- Europe also trades with widespread declines, while Mercedes-Benz cut its forecasts due to weak sales to China. Asia closed positive following yesterday's inertia

Sovereign fixed income, currencies and commodities

- Negative performance in sovereign bonds. 10-year rates in Europe rise by ~1bp, while the US Treasuries curve shows an average sell-off of 2bps. Yesterday, Mbonos adjusted by -4bps, with stronger gains in the short-end of the curve
- The USD sees mixed performance vis-à-vis G10 currencies, with JPY falling 1.0% following the BoJ's announcement to maintain its policy rate unchanged. In EM, the bias is also mixed, with IDR (+0.6%) and KRW (+0.5%) on opposite ends. The MXN depreciates slightly to 19.34 per dollar, extending the previous day's losses (-0.2%)
- Commodities show a mixed performance. Crude futures drop by 0.5%, moderating a previous day's rise that was supported by a broad market rally following the Fed. Metals are up, with gold and silver gaining 1.2% and 1.9%, respectively

Corporate Debt

- Unifin announced the signing of restructuring agreements with Nafin and Bancomext as part of the implementation of its Bankruptcy Agreement
- Moody's Ratings affirmed Grupo Televisa's international rating at 'Baa3' and changed the outlook to Negative from Stable reflecting Moody's expectations that Televisa's competitive position faces operating challenges that could limit improvements in the near future
- HR Ratings affirmed GM Financial de México's ratings at 'HR AAA' with Stable outlook and its short-term ratings at 'HR+1' based on the operational and financial support from its parent company, General Motors Financial Company

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,025.19	1.3%
S&P 500	5,713.64	1.7%
Nasdaq	18,013.98	2.5%
IPC	52,918.04	0.6%
Ibovespa	133,122.67	-0.5%
Euro Stoxx 50	4,943.38	2.2%
FTSE 100	8,328.72	0.9%
CAC 40	7,615.41	2.3%
DAX	19,002.38	1.6%
Nikkei 225	37,155.33	2.1%
Hang Seng	18,013.16	2.0%
Shanghai Composite	2,736.02	0.7%
Sovereign bonds		
2-year Treasuries	3.58	-4pb
10-year Treasuries	3.71	1pb
28-day Cetes	10.47	-4pb
28-day TIIE	10.95	-1pb
2-year Mbono	9.71	-7pb
10-year Mbono	9.12	-4pb
Currencies		
USD/MXN	19.32	0.2%
EUR/USD	1.12	0.4%
GBP/USD	1.33	0.5%
DX	100.61	0.0%
Commodities		
WTI	71.95	1.5%
Brent	74.88	1.7%
Mexican mix	66.84	1.9%
Gold	2,586.74	1.1%
Copper	434.70	1.1%

Source: Bloomberg

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