Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets positive, government bond yields up, and USD with few changes amid a risk on session driven by a slew of stimulus measures from China aimed at shoring up economic growth, which include reduced reserve requirements for banks and liquidity support for stocks. Support measures for the troubled property sector were also announced**

- **In events, the general debate at 79th session of the United Nations General Assembly will take place in New York. OPEC releases its annual World Oil Outlook**

- **The escalation in the conflict between Israel and Hezbollah continues. Israel's military chief said that they are about to intensify their airstrikes against Lebanon**

- **On the monetary policy front, Fed's Michelle Bowman will speak today. Regarding economic figures, in the US, the Conference Board's consumer confidence indicator for September will be published, where we estimate levels of 102.5pts due to concerns about the cooling of the labor market (consensus 104pts, previous 103.3)**

- **In Mexico, INEGI released inflation for 1H-September at 0.09% 2w/2w –below expectations–, with the core at 0.21%. As such, the annual print moderated to 4.66% from 4.83% in the previous fortnight, with the core at 3.95% (previous: 4.01%)**

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

LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster Economic Indicators for Mexico 2023

Document for distribution among public

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
4:00	IFO Survey (business climate)* - Sep	index	--	86.0	86.6
Brazil					
7:00	COPOM minutes				
Mexico					
8:00	Consumer prices - Sep 15	% 2w/2w	0.16	0.13	-0.06
8:00	Core - Sep 15	% 2w/2w	0.23	0.20	0.10
8:00	Consumer prices - Sep 15	% y/y	4.74	4.71	4.83
8:00	Core - Sep 15	% y/y	3.96	3.96	4.01
11:00	International reserves - Sep 20	US$bn	--	--	226.1
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 10-year Mbono (Nov'34), 30-year Udibono (Oct'54) and 1-, and 3-year Bondes F				
United States					
9:00	S&P/CoreLogic housing prices - Jul	% y/y	--	5.9	6.5
10:00	Consumer confidence* - Sep	index	102.5	104.0	103.3

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,781.50	0.1%
Euro Stoxx 50	4,921.40	0.7%
Nikkei 225	37,940.59	0.6%
Shanghai Composite	2,863.13	4.2%
Currencies		
USD/MXN	19.34	-0.4%
EUR/USD	1.11	0.3%
DXY	100.72	-0.1%
Commodities		
WTI	71.86	2.1%
Brent	75.53	2.2%
Gold	2,633.81	0.2%
Copper	440.60	2.7%
Sovereign bonds		
10-year Treasury	3.79	4pb

Source: Bloomberg

Equities

- **Gains prevailed in the main stock indexes. In that sense, investors' mood has been boosted after China announced a new economic stimulus package**

- **In the US, futures anticipate a slightly positive opening with the Nasdaq rising 0.2% above its theoretical value. Meanwhile, Europe trades mainly with gains and the Eurostoxx is climbing 0.7%, supported by consumer discretionary and core companies. Rio Tinto in London increased by 4.5% as a result of the recent rise in the price of some commodities**

- **Asia closed with significant increases, with Shanghai rising 4.2% and the Hang Seng 4.1%, boosted by recent measures aimed at shoring up the economy. In particular, for the stock market, the central bank expects to provide at least US$114 billion in liquidity support**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. In Europe, 10-year rates rise 3bps, on average. Meanwhile, the Treasuries' curve prints a steepening bias with losses of up to 5bps at the long-end. Yesterday, short- and mid-term Mbonos rallied 6bps on average, whing long-term ones printed few changes**

- **Dollar with few changes with most of the G10 currencies gaining, except JPY (-0.3%). In EM, the bias is positive with LatAm currencies leading. BRL (+1.0%) is the strongest following the copper's rally (+2.2%) and the MXN trades 19.33 per dollar (+0.5%), halting four negative sessions in a row**

- **Widespread gains in commodities. Crude-oil futures rebound after China announces sweeping support measures and tensions in the Middle East**

Corporate Debt

- **Moody's Local affirmed the rating for Infonavit's MBS, CDVITOT 11U, at 'AAA.mx' and downgraded the subordinated series', CDVITOT 11-2U, rating to 'AA+.mx' from 'AAA.mx'. The downgrade follows the decrease in principal and interest collections, the increase in the non-performing portfolio and the change in the payment waterfall**

- **HR Ratings affirmed Value Arrendadora's ratings at 'HR A+' with a Negative outlook. The agency mentioned that the lessor maintains adequate solvency indicators and presented an increase in delinquency (1.7%) and adjusted delinquency (2.2%) ratios, although they remain at low levels for the sector**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,124.65	0.1%
S&P 500	5,718.57	0.3%
Nasdaq	17,974.27	0.1%
IPC	52,422.24	0.4%
Ibovespa	130,568.37	-0.4%
Euro Stoxx 50	4,885.57	0.3%
FTSE 100	8,259.71	0.4%
CAC 40	7,508.08	0.1%
DAX	18,846.79	0.7%
Nikkei 225	37,723.91	0.0%
Hang Seng	18,247.11	-0.1%
Shanghai Composite	2,748.92	0.4%
Sovereign bonds		
2-year Treasuries	3.59	0pb
10-year Treasuries	3.75	1pb
28-day Cetes	10.51	6pb
28-day TIIE	10.94	-1pb
2-year Mbono	9.63	-8pb
10-year Mbono	9.23	1pb
Currencies		
USD/MXN	19.42	0.1%
EUR/USD	1.11	-0.5%
GBP/USD	1.33	0.2%
DXY	100.85	0.1%
Commodities		
WTI	70.37	-2.2%
Brent	73.90	-0.8%
Mexican mix	66.17	-0.7%
Gold	2,628.72	0.3%
Copper	434.75	0.1%

Source: Bloomberg

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, 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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	Reference
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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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