

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive –with S&P500 futures also higher–, USD weakens, and government bond yields positive after China pledged fiscal stimulus measures to revive growth and with investors' expectations of interest rate cuts by major central banks increasing**
- **In China, the Politburo called for higher fiscal spending, as well as measures to stabilize the property sector and the enforcement of forceful rate cuts, signaling the urgency to counter the economic slowdown. In addition, government is weighing a plan to inject US\$142 billion in capital into its top banks**
- **In the US, lawmakers averted a shutdown by quickly passing a short-term financing bill that will keep the government operating through December 20th**
- **In the US, the third revision of 2Q24 GDP was published, unchanged at 3.0%. Consumption was adjusted lower to 2.8%. Finally, August's durable goods came in at 0.0%**
- **On the monetary front, several Fed members will give speeches during the day, with market participants watching for messages on upcoming decisions. Meanwhile, the SNB cut its reference rate by 25bps for the third consecutive meeting, leaving it at 1.00%**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
7:00	Central Bank Quarterly Inflation Report				
United States					
8:30	BEA annual revisions to GDP				
8:30	Gross domestic product** - 2Q24	% q/q	2.9	3.0	3.0
8:30	Personal consumption** - 2Q24	% q/q	2.9	2.9	2.9
8:30	Durable goods orders* - Aug (P)	% m/m	--	-2.8	9.8
8:30	Ex transportation* - Aug (P)	% m/m	--	0.1	-0.2
8:30	Initial jobless claims* - Sep 21	thousands	225	225	219
9:10	Fed's Collins and Kugler will participate in a fireside chat focusing on the intersections between bank supervision and financial inclusion				
9:20	Fed's Powell Gives Pre-Recorded Opening Remarks				
9:25	Fed's Williams Gives Remarks at Conference				
10:30	Fed's Barr Gives Remarks at Conference				
13:00	Fed's Kashkari Hosts Fireside Chat with Michael Barr				
Mexico					
15:00	Monetary policy decision (Banxico)	%	10.50	10.50	10.75

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	5,824.25	0.8%
Euro Stoxx 50	5,012.18	1.9%
Nikkei 225	38,925.63	2.8%
Shanghai Composite	3,000.95	3.6%
Currencies		
USD/MXN	19.48	-0.8%
EUR/USD	1.12	0.2%
DX	100.90	0.0%
Commodities		
WTI	68.13	-2.2%
Brent	71.86	-2.2%
Gold	2,675.18	0.7%
Copper	447.85	1.1%
Sovereign bonds		
10-year Treasury	3.79	1pb

Source: Bloomberg

Equities

- Positive movements in the main indices, with investors expecting a healthier economy, as well as digesting more easing cycles by central banks
- On this basis, US futures are above their theoretical value with the Nasdaq up 1.5% and the S&P 500 up 0.8%. Micron Technology stands out, rising more than 15% after a strong sales report. Similarly, the Eurostoxx advancing 1.9%, supported by consumer companies and the technology sector. Finally, Asia closed mainly higher, with the Hang Seng rising 4.2% on the back of greater stimulus in China
- In Mexico, ALFA will be holding an Extraordinary General Shareholders' Meeting to approve a capital increase and thus take another step forward in the company's 'Value Strategy'. Also, ORBIA is trading ex-coupon today (yield ~2.0%)

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. Ten-year rates in Europe fall 3bps on average, while the Treasury curve shows losses of 1-2bps. Yesterday, Mbonos had a slight steepening bias with a -2bps adjustment at the short-end and losses of 4bps at the mid- and long-ends
- Negative dollar against G10 currencies, with AUD (+0.8%) leading the group's gains. In EM, the bias is positive, with better performance in LatAm. The MXN ranks as the third strongest, appreciating 0.8% to 19.48 per dollar
- Mixed performance in commodities. Crude-oil futures fall nearly 3%, amid expectations of increased supply from Saudi Arabia and Libya. Metals are up, with gold reaching historical highs

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,914.75	-0.7%
S&P 500	5,722.26	-0.2%
Nasdaq	18,082.21	0.0%
IPC	53,190.93	-0.9%
Ibovespa	131,586.45	-0.4%
Euro Stoxx 50	4,916.89	-0.5%
FTSE 100	8,268.70	-0.2%
CAC 40	7,565.62	-0.5%
DAX	18,918.50	-0.4%
Nikkei 225	37,870.26	-0.2%
Hang Seng	19,129.10	0.7%
Shanghai Composite	2,896.31	1.2%
Sovereign bonds		
2-year Treasuries	3.56	2pb
10-year Treasuries	3.78	6pb
28-day Cetes	10.32	-3pb
28-day TIIE	10.92	-2pb
2-year Mbono	9.48	-6pb
10-year Mbono	9.28	4pb
Currencies		
USD/MXN	19.64	1.6%
EUR/USD	1.11	-0.4%
GBP/USD	1.33	-0.7%
DX	100.91	0.4%
Commodities		
WTI	69.69	-2.6%
Brent	73.46	-2.3%
Mexican mix	65.72	-2.4%
Gold	2,656.89	0.0%
Copper	448.95	0.0%

Source: Bloomberg

Corporate Debt

- HR Ratings upgraded the rating for issue VIVAACB 22L to 'HR AAA (E)' from 'HR AA+ (E)' and maintained its Stable outlook. The upgrade is based on the increase in Free Cash Flow to US\$564 million in the last twelve months as of 2Q24 (vs. US\$138 million 2Q23).
- S&P Global Ratings affirmed the Central American Bank for Economic Integration's 'AA' international and 'mxAAA' national ratings. The outlook remained Stable. The Stable outlook reflects the agency's view that CABEL's shareholders will support the bank and maintain its preferred creditor treatment

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