

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets negative, excluding China, government bond yields up, and USD down, on some profit taking and escalating geopolitical tensions in the Middle East after the death of Hezbollah chief. Investors are focused on Powell's speech, looking for clues on the path for interest rate cuts
- In the UK, the final print for 2Q24 GDP was revised downward, coming in at 0.5% q/q. Meanwhile, consumer prices in Germany during September stood at 1.6% y/y, below the 1.9% posted the previous month strengthening expectations that the ECB will cut the reference rate again by -25bp at the October meeting
- Regarding monetary policy, we will be looking into the speech from Powell in the Nabe conference. Lagarde will speak in the European Parliament. In addition, we will have the decision from Colombia's central bank with a 50bps cut expected to 10.25%
- In Mexico, we await the release of August's banking credit by Banxico
- During the rest of the week attention will be on the release of the US labor market report for September, where we anticipate the creation of 150k jobs, with the unemployment rate remaining at 4.2%. In other events, on Tuesday focus on the debate between the candidates for vice president in the US, JD Vance (Republican) and Tim Walz (Democrat)

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Germany and UK</b>					
2:00	UK Gross domestic product - 2Q24 (F)	% y/y	--	0.9	0.9
2:00	UK Gross domestic product* - 2Q24 (F)	% q/q	--	0.6	0.6
8:00	GER Consumer prices - Sep (P)	% y/y	--	1.7	1.9
<b>Mexico</b>					
11:00	Banking credit - Aug	% y/y	6.7	--	6.4
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 20-year Mbono (Nov'42), 3-year Udibono (Dec'26) and 2-, and 5-year Bondes F				
<b>United States</b>					
13:00	Fed's Powell Speaks at NABE				
<b>Colombia</b>					
14:00	Monetary policy decision (BanRep)	%	--	10.25	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.
<b>Equity indices</b>		
S&P 500 Futures	5,777.50	-0.2%
Euro Stoxx 50	5,014.50	-1.0%
Nikkei 225	37,919.55	-4.8%
Shanghai Composite	3,336.50	8.1%
<b>Currencies</b>		
USD/MXN	19.67	-0.1%
EUR/USD	1.12	0.3%
DX	100.22	-0.2%
<b>Commodities</b>		
WTI	67.81	-0.5%
Brent	71.40	-0.8%
Gold	2,641.43	-0.6%
Copper	458.00	-0.4%
<b>Sovereign bonds</b>		
10-year Treasury	3.77	2pb

Source: Bloomberg

## Equities

- Profit-taking in major stock indexes after the highs recorded the previous week. However, the rally of the stock markets in China continues after the stimuli implemented, and prior to the holiday starting tomorrow
- Futures in the US anticipate a negative opening, with the S&P500 trading 0.2% below its theoretical value. In corporate news, AT&T announced it plans to sell its 70% stake in Direct TV to TPG for US\$7.6 billion. This would create the largest pay-TV company in the US
- Europe is trading with widespread declines, highlighting the adjustments in the shares of car manufacturers. This, after Stellantis (-15%) cut its revenue guidance for the next quarter. In Mexico, the Mexbol Index could trade between 52,000 and 54,000pts throughout the week

## Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. The 10-year European rates rise 5bps, on average. Meanwhile, the Treasuries' yield curve flattens due to losses pf up to +7bps at the short-end. Last week, Mbonos' curve steepened with a 17bps at the long-end. The local risk premium moved to 556bps from 545bps a week ago
- Dollar with few changes amid a mixed balance delimited by AUD (+0.3%) and JPY (-0.5%). In EM, the bias is positive with MXN as the third strongest. The currency trades at 19.62 per dollar (+0.4%) after two weeks of losses
- Crude-oil fall with investors focus on the JMMC OPEC+ which will be held online this Wednesday to assess oil market

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	42,313.00	0.3%
S&P 500	5,738.17	-0.1%
Nasdaq	18,119.59	-0.4%
IPC	52,778.17	-1.5%
Ibovespa	132,730.36	-0.2%
Euro Stoxx 50	5,067.45	0.7%
FTSE 100	8,320.76	0.4%
CAC 40	7,791.79	0.6%
DAX	19,473.63	1.2%
Nikkei 225	39,829.56	2.3%
Hang Seng	20,632.30	3.6%
Shanghai Composite	3,087.53	2.9%
<b>Sovereign bonds</b>		
2-year Treasuries	3.56	-7pb
10-year Treasuries	3.75	-5pb
28-day Cetes	10.48	-7pb
28-day TIIE	10.74	-18pb
2-year Mbono	9.59	4pb
10-year Mbono	9.34	2pb
<b>Currencies</b>		
USD/MXN	19.69	0.3%
EUR/USD	1.12	-0.1%
GBP/USD	1.34	-0.3%
DXY	100.38	-0.2%
<b>Commodities</b>		
WTI	68.18	0.8%
Brent	71.98	0.5%
Mexican mix	63.80	0.7%
Gold	2,658.24	-0.5%
Copper	459.95	-0.9%

Source: Bloomberg

## Corporate Debt

- S&P Global Ratings affirmed Volkswagen Leasing's long-term and short-term issue ratings at 'mxAAA' and 'mxA-1+', respectively. The ratings are based on the unconditional and irrevocable guarantee provided by its German-based parent company, Volkswagen Financial Services Overseas AG ('BBB+')
- Fitch Ratings affirmed Sofoplus' long- and short-term ratings at 'A-(mex)' and 'F2(mex)' and revised the long-term outlook to Positive from Stable. The Positive outlook reflects the growth and diversification of the company's business profile and advances in its risk profile, which, together with its strong financial profile, bring it closer to its larger, higher-rated peers

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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