

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets negative except for China, government bond yields and USD up. Cautious mood amid Middle East tension escalation with Israel preparing retaliatory actions against Iran after yesterday's missile attack
- According to a CNN poll, JD Vance led Democratic candidate Tim Walz by 2pp in yesterday's debate (51% vs. 49%), but the latter still has the better image of the two
- Regarding economic figures, in the US, the ADP private employment report for September was published above estimations at +143k (consensus +125k), with a slight upward revision from the previous month. On the monetary policy front, there will be interventions from Fed's Hammack, Musalem, Bowman and Barkin
- In Mexico, INEGI published investment for July at +1.8% m/m (previous: -0.7%). Construction climbed 2.7%, with machinery and equipment at +0.9%. In annual terms GFI came in at 6.4%. INEGI also announced private consumption for the seventh month of 2024. It came in at +0.8% m/m (previous: +0.1%), boosted by the imported component (+4.1%). Later, family remittances for August, September's PMI indicators from IMEF, and the survey of expectations from Banxico will be published

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Industrial production - Aug	% y/y	--	2.1	6.1
8:00	Industrial production* - Aug	% m/m	--	0.1	-1.4
Mexico					
8:00	Gross fixed investment - Jul	% y/y	5.5	--	-1.3
8:00	Gross fixed investment* - Jul	% m/m	1.4	--	-1.0
8:00	Private consumption - Jul	% y/y	4.8	--	0.4
8:00	Private consumption* - Jul	% m/m	0.6	--	0.1
11:00	Family remittances - Aug	US\$bn	5,712.9	--	5,613.6
11:00	Survey of expectations (Banxico)				
11:00	International reserves - Sep 27	US\$bn	--	--	226.5
14:00	Manufacturing PMI (IMEF)* - Sep	index	49.1	--	48.3
14:00	Non-manufacturing PMI (IMEF)* - Sep	index	50.1	--	50.7
United States					
8:15	ADP employment*-Sep	thousands	115	125	99.0
9:00	Fed's Hammack Gives Welcome Remarks				
10:05	Fed's Musalem Gives Welcoming Remarks				
11:00	Fed's Bowman Gives Keynote Speech				

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

October 2, 2024



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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	5,743.25	-0.3%
Euro Stoxx 50	4,945.99	-0.2%
Nikkei 225	37,808.76	-2.2%
Shanghai Composite	3,336.50	0.0%
Currencies		
USD/MXN	19.45	-0.9%
EUR/USD	1.11	-0.1%
DX	101.40	0.2%
Commodities		
WTI	71.91	3.0%
Brent	75.57	2.7%
Gold	2,651.96	-0.4%
Copper	461.50	0.6%
Sovereign bonds		
10-year Treasury	3.79	6pb

Source: Bloomberg

Equities

- October begins with negative movements in the main stock exchanges after an average increase in dollars of 2.6% during September in the sample of 29 indexes that we usually follow
- US futures anticipate a negative open by falling 0.2% on average. Notably, Nike's share price falls 7.4% pre-market, after withdrawing its revenue guidance for the current year, in the middle of its CEO transition process
- Europe trades lower and the Eurostoxx declines 0.2%. Within the index, utilities and healthcare stocks are the most under pressure. Asia closed mixed, with a 6.2% advance in the Hang Seng as trading resumed after the holiday and as optimism continues regarding the stimulus measures implemented. China's stock markets will remain closed throughout the week

Sovereign fixed income, currencies and commodities

- Widespread pressures on sovereign bonds led by Europe, averaging losses of 6bps. UTSs follow after ADP jobs report, with the yield curve steepening and printing adjustments of up to +6bps in the long-end
- The USD strengthens across indices, as a result of a mixed balance in the G10 with the JPY (-1%) leading losses. In EM, Asian currencies lead the depreciation while the MXN diverges, appreciating 0.8% to 19.46 per dollar, making it the strongest in the group
- Oil rises for the second day as the market remains alert to potential production disruptions due to Iran's attacks on Israel and possible retaliation. WTI gains 3% after advancing 2% yesterday, reaching its highest a month. In metals, gold moderates its 1% rise from yesterday amid increased haven demand, falling 0.6% today against a stronger performance in industrials

Corporate Debt

- Grupo Carso announced that it will carry out the partial prepayment of its short-term issue, GCARSO 00624, on October 8 for an amount of MXN 800 million. The bond currently has an outstanding amount of MXN 4.8 billion
- Fitch Ratings raised Consubanco's long-term and short-term ratings to 'A(mex)' and 'F1(mex)', from 'A-(mex)' and 'F2(mex)', respectively. The rating upgrade reflects its robust funding profile over the past two years
- Fitch Ratings affirmed Banco Compartamos' international rating at 'BB+' and its national rating at 'AA(mex)'. The outlook is Stable. The ratings are supported by its consistent leadership in the microfinance segment in Mexico and capitalization levels above those of its peers

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,156.97	-0.4%
S&P 500	5,708.75	-0.9%
Nasdaq	17,910.36	-1.5%
IPC	52,477.30	0.0%
Ibovespa	132,495.16	0.5%
Euro Stoxx 50	4,954.15	-0.9%
FTSE 100	8,276.65	0.5%
CAC 40	7,574.07	-0.8%
DAX	19,213.14	-0.6%
Nikkei 225	38,651.97	1.9%
Hang Seng	21,133.68	0.0%
Shanghai Composite	3,336.50	0.0%
Sovereign bonds		
2-year Treasuries	3.60	-4pb
10-year Treasuries	3.73	-5pb
28-day Cetes	10.30	0pb
28-day TIIE	10.74	0pb
2-year Mbono	9.62	0pb
10-year Mbono	9.36	0pb
Currencies		
USD/MXN	19.62	-0.4%
EUR/USD	1.11	-0.6%
GBP/USD	1.33	-0.7%
DX	101.19	0.4%
Commodities		
WTI	69.83	2.4%
Brent	73.56	2.5%
Mexican mix	63.76	0.0%
Gold	2,663.23	1.1%
Copper	458.90	0.8%

Source: Bloomberg

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