

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed, government bond yields rising, and USD with few changes. Investors are still adjusting their portfolios after September's nonfarm payrolls positive surprise in the US, with added caution because of the increase in oil prices
- Releases for the rest of the trading session include consumer credit (Aug) in the US, along with speeches from Kashkari, Bostic, and Musalem of the Fed. In Mexico, the banking sector survey
- Investors' attention this week on US inflation in September. We estimate 0.1% m/m, with the annual rate at 2.2%, which would be in line with consensus. We anticipate the core at 0.3% (3.1% y/y). Also, producer prices during the same month
- Moreover, the minutes from the Fed and Banxico. In the former, the authority has shifted its focus towards the labor market and downside risks to growth. Hence, the document will help to assess changes in the reaction function and the possible path ahead
- In the latter, we will watch the conviction about the disinflationary process and the strategy that they could implement. On the other hand, the reasons behind the votes in the latest meeting, especially the dissidence from Deputy Governor Jonathan Heath
- In monetary policy, we should also add decisions in Peru, Korea, India, Israel, and New Zealand. Also, the minutes in Australia and a series of speeches from Fed and ECB members
- The rest of the US agenda includes trade balance (Aug) and U. of Michigan consumer confidence (Oct). In Mexico, we expect September's inflation at 0.06% m/m (4.60% y/y), with the core at 0.31% (3.94%). Also, wage negotiations for the same month

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Retail sales* - Aug	% m/m	--	0.2	0.1
United States					
13:50	Fed's Kashkari Participates in Q&A				
15:00	Consumer credit* - Aug	US\$bn	--	12.0	25.5
18:00	Fed's Bostic Moderates Conversation with Steve Koonin				
18:30	Fed's Musalem Speaks on Economy, Policy				
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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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,775.00	-0.4%
Euro Stoxx 50	4,956.92	0.0%
Nikkei 225	39,332.74	1.8%
Shanghai Composite	3,336.50	0.0%
Currencies		
USD/MXN	19.34	0.3%
EUR/USD	1.10	0.0%
DX	102.45	-0.1%
Commodities		
WTI	75.92	2.1%
Brent	79.64	2.0%
Gold	2,659.40	0.2%
Copper	458.20	0.2%
Sovereign bonds		
10-year Treasury	4.00	4pb

Source: Bloomberg

Equities

- Stock markets mixed, with investors awaiting the US earnings season kick-off on Friday with major banks. Earnings growth from S&P500 companies may remain solid, but decelerating from the previous season (5.1% y/y vs. 14.0% in 2Q24)
- US futures anticipate a negative opening, with the S&P500 trading 0.4% below its theoretical value. However, Pfizer shares are up 3.4% after reporting that Starboard Value acquired a US\$1 billion stake in the company
- Europe trades mixed, while China remains closed for a holiday. The Nikkei and Hang Seng advanced 1.8% and 1.6%, respectively. In Mexico, we expect a weekly trading range for the Mexbol between 51,500 and 53,500pts, with few clear catalysts

Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. European 10-year rates rise by an average of 3bps, while the Treasury curve flattens as it loses 7bps at the short-end and adjusts -3bps at the long-end. Last week, Mbonos averaged losses of 21bps
- USD mixed against G10 currencies, with CHF (+0.4%) and GBP (-0.4%) at the extremes. In EM the bias is negative, with poorer performance in Asian currencies. The MXN depreciates slightly to 19.34 per dollar. We expect a weekly trading range between 19.00 and 19.70
- Positive performance in commodities. Crude-oil futures rise nearly 2% as investors await Israel's response to Tehran following a missile attack last week. Industrial metals are also up

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,352.75	0.8%
S&P 500	5,751.07	0.9%
Nasdaq	18,137.85	1.2%
IPC	52,609.88	1.8%
Ibovespa	131,791.55	0.1%
Euro Stoxx 50	4,954.94	0.7%
FTSE 100	8,280.63	0.0%
CAC 40	7,541.36	0.9%
DAX	19,120.93	0.6%
Nikkei 225	38,635.62	0.2%
Hang Seng	22,736.87	2.8%
Shanghai Composite	3,336.50	0.0%
Sovereign bonds		
2-year Treasuries	3.92	22pb
10-year Treasuries	3.97	12pb
28-day Cetes	10.45	1pb
28-day TIIE	10.74	0pb
2-year Mbono	9.86	12pb
10-year Mbono	9.51	8pb
Currencies		
USD/MXN	19.28	-0.4%
EUR/USD	1.10	-0.5%
GBP/USD	1.31	0.0%
DX	102.52	0.5%
Commodities		
WTI	74.38	0.9%
Brent	78.05	0.6%
Mexican mix	69.33	1.2%
Gold	2,653.60	-0.1%
Copper	457.40	0.5%

Source: Bloomberg

Corporate Debt

- Financiera Independencia announced that it signed an extension of its credit line with Nacional Financiera from MXN 750 million to MXN 1.05 billion. It also increased the credit line of its subsidiary Apoyo Económico Familiar from MXN 500 million to MXN 800 million
- Fitch Ratings affirmed Grupo Rotoplas' rating at 'AA(mex)' with a Stable outlook. The ratings reflect the company's strong market position, supported by brand recognition, extensive distribution network, and broad portfolio of water solutions
- HR Ratings affirmed Bepensa Bebidas' rating at 'HR AAA' with a Stable outlook. The ratification is based on the expected Free Cash Flow growth for 2024-2026, as well as a reduction in the company's total debt

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