Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- Stock markets mixed –with futures in the US positive–, government bond yields up and the USD with few changes. Investors are waiting for CPI data on Thursday to keep evaluating the path that the Fed will follow on coming months

- On economic figures, August's industrial production in Germany surprised to the upside with a 2.9% m/m expansion. In the US, the trade balance for the same month posted a US$70.4 billion deficit

- On the monetary front, comments from several Fed speakers, including Williams, Kugler, and Musalem suggest that upcoming moves will be of a smaller magnitude. As such, later we will be looking into the speeches from Bostic, Collins, and Jefferson. In India we also expect the decision from the central bank, with forecasts signaling no changes in rates

- In China there is a feeling of some disappointment given than the main economic planning agency in the country failed to deliver new measures of economic stimulus after a holiday week. They only reaffirmed the messages sent in the last few weeks and months

- Hurricane Milton keeps advancing through the Gulf of Mexico, still with strong rainfall expected in the Yucatan peninsula, while the cyclone could reach Florida tomorrow as a category 4 storm

- Israeli Defense Minister, Yoav Gallant, will meet with his US counterpart, Lloyd Austin, tomorrow. This in a context in which Israel's activity in Southern Lebanon has increased. In addition, calls from the US to avoid attacks to Iranian nuclear and oil infrastructure have expanded

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LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster
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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,766.75	0.4%
Euro Stoxx 50	4,946.04	-0.5%
Nikkei 225	38,937.54	-1.0%
Shanghai Composite	3,489.78	4.6%
Currencies		
USD/MXN	19.33	0.2%
EUR/USD	1.10	0.0%
DXY	102.48	-0.1%
Commodities		
WTI	75.77	-1.8%
Brent	79.52	-1.7%
Gold	2,645.13	0.1%
Copper	447.10	-2.1%
Sovereign bonds		
10-year Treasury	4.04	1pb

Source: Bloomberg

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Industrial production* - Aug	% m/m	--	0.8	-2.4
United States					
3:00	Fed's Kugler Speaks at ECB Event (Schnabel Chairs Session)				
8:30	Trade balance* - Aug	US$bn	--	-70.5	-78.0
12:45	Fed's Bostic Speaks on the Economic Outlook				
16:00	Fed's Collins Speaks at Community Banking Conference				
United States					
11:00	International reserves - Oct 5	US$bn	--	--	226.8
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Sep'26),				
	20-year Udibono (Nov'43) and 1-, 3- and 7-year Bondes F				

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

Equities

- **Negative bias in the main stock markets with investors assessing the outlook for economic growth. In this sense, Europe trades mainly with declines, with the Eurostoxx dropping 0.4%. Likewise, Asia closed with losses, with the Hang Seng down 9.4% and the Nikkei down 1.0% after the recent round of economic stimulus in China disappointed**

- **However, in the US, futures anticipate a positive opening with the Nasdaq rising 0.4% above its theoretical value. Among individual stocks, Super Micro Computer (+3.9%) stands out with data suggesting solid demand for its servers; while PepsiCo (-1.3%) had mixed results and reduced its revenue guidance for 2024**

- **Mexico, Asur posted that total passenger traffic contracted 1.5% year-over-year in September. Likewise, Oma recorded a 5.2% y/y decline**

Sovereign fixed income, currencies and commodities

- **Modest negative balance in sovereign bonds. In Europe, 10-year rates rise 1bp, on average. Meanwhile, the Treasuries' curve prints a steepening bias with losses of 2bps at the long-end. Yesterday, Mbonos' curve recorded a flattening bias due to a 11bps sold-off at the short- and mid-end and an adjustment of +6bps at the long-end**

- **Dollar with few changes with most of the G10 currencies in negative domain, except GBP (+0.1%). In EM, the bias is negative with losses of up to 0.7% in CLP. Meanwhile, the MXN trades 19.35 per dollar (-0.4%), halting four favorable sessions in a row**

- **Widespread losses in commodities. Crude-oil futures fall after China did not announce new stimulus measures. In metals, gold and copper adjust +0.1% and -1.4%, respectively**

Corporate Debt

- **Banco Compartamos' issue, COMPART 24-2, was assigned a 'AA.mx' rating by Moody's Local and 'AA(mex)' by Fitch Ratings. The bond will be offered for up to MXN 1.6 billion, with a 3.5-year term and will pay a floating rate (TIIE-28)**

- **Fitch Ratings affirmed Operadora de Sites Mexicanos' national scale rating of 'AAA(mex)' and upgraded its international rating to 'BBB+' from 'BBB'. The outlook is Stable. The upgrade reflects the company's solid operating performance, predictable cash flow from long-term contracts, cost pass-through mechanism, and low leverage**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,954.24	-0.9%
S&P 500	5,695.94	-1.0%
Nasdaq	17,923.90	-1.2%
IPC	52,039.87	-1.1%
Ibovespa	132,017.84	0.2%
Euro Stoxx 50	4,969.71	0.3%
FTSE 100	8,303.62	0.3%
CAC 40	7,576.02	0.5%
DAX	19,104.10	-0.1%
Nikkei 225	39,332.74	1.8%
Hang Seng	23,099.78	1.6%
Shanghai Composite	3,336.50	0.0%
Sovereign bonds		
2-year Treasuries	4.00	7pb
10-year Treasuries	4.03	6pb
28-day Cetes	10.47	2pb
28-day TIIE	10.74	0pb
2-year Mbono	9.97	11pb
10-year Mbono	9.58	6pb
Currencies		
USD/MXN	19.28	0.0%
EUR/USD	1.10	0.0%
GBP/USD	1.31	-0.3%
DXY	102.54	0.0%
Commodities		
WTI	77.14	3.7%
Brent	80.93	3.7%
Mexican mix	71.94	3.8%
Gold	2,642.59	-0.4%
Copper	456.65	-0.2%

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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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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