Economic and Financial Markets Research
Economic Research and Market Strategy

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Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com


Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com


Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com


Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com

www.banorte.com/analisiseconomico
@analisis_fundam

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Main drivers for the financial markets today...

- **Stock markets mixed, government bond yields skewed higher, and USD higher. Investors are waiting for corporate earnings after disappointment following China's announcement of fiscal stimulus -missing a headline amount of support- and about export and import growth in September**
- **The US bond market will be closed today because of Columbus Day. In this backdrop, the agenda includes the New York Fed's inflation survey. Moreover, Waller will talk about the economic outlook**
- **Investors' attention this week on the ECB decision. We expect a 25bps cut in interest rates, with the deposit rate falling to 3.25%. It will be key if president Lagarde provides or not a forward guidance about upcoming adjustments. Moreover, September's inflation in the UK, with consensus expecting a reduction in the annual rate to 1.9% from 2.2% in the previous month**
- **Monetary policy decisions in Thailand, Philippines, Indonesia, Turkey, Chile, and Egypt. On Sunday, China will announce 1- and 5-year prime loan rates. Speeches from members of the Fed, ECB, and the BoJ**
- **The rest of the US agenda includes retail sales, industrial production, housing starts, and building permits (Sep). In addition, the Empire and Philly Fed (oct) manufacturing surveys**
- **Going to other regions, we highlight 3Q24 GDP in China, along with other data for September; in the Eurozone industrial production, trade balance, and current account (Aug); lastly, the unemployment rate (Aug) in the UK and the ZEW survey (Oct) in Germany**
- **In Mexico, September's consumer confidence stood at 47.1pts, lower than in the previous month. The data agenda is empty for the rest of the week**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Economic activity - Aug	% y/y	--	--	5.3
8:00	Economic activity* - Aug	% m/m	--	--	-0.4
Mexico					
8:00	Consumer confidence* - Sep	index	48.1	--	47.6
United States					
	Bond markets closed for the Columbus Day holiday				
15:00	Fed's Waller Speaks on the Economic Outlook				

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,868.50	0.1%
Euro Stoxx 50	5,005.86	0.0%
Nikkei 225	39,605.80	0.0%
Shanghai Composite	3,284.32	2.1%
Currencies		
USD/MXN	19.29	0.0%
EUR/USD	1.09	-0.2%
DXY	103.17	0.3%
Commodities		
WTI	73.84	-2.3%
Brent	77.40	-2.1%
Gold	2,652.94	-0.1%
Copper	441.70	-1.7%
Sovereign bonds		
10-year Treasury	4.10	0pb

Source: Bloomberg

Equities

- **Mixed movements in stock markets, with investors preparing to evaluate upcoming earnings reports of 44 S&P500 companies, again highlighting banks. Despite of the Colombus Day holiday, the stock markets will remain open: Nasdaq and S&P500 futures trade 0.2% higher on average**

- **In Europe, the Eurostoxx declines slightly, pressured by growth expectations and China's weak recovery. Consumer discretionary companies such as LVMH, Hermes, and Kering are falling between 1.5% and 4.0%. Asia closed mixed, with the Shanghai up 1.9% and the Hang Seng down 0.8%. Japan is closed for a holiday**

- **In Mexico, the earnings season will begin on Tuesday, October 15 with America Movil. We expect a weekly trading range for the Mexbol between 51,500 and 53,000pts**

Sovereign fixed income, currencies and commodities

- **Low liquidity as US markets are closed. Ten-year rates in Europe fluctuate around ±2bps. Last week, Mbonos averaged losses of 10bps. This week, we expect the 10-year Mbono (Nov '34) to trade between 9.55% and 9.80%**

- **USD positive against all G10 currencies, with NOK (-0.7%) lagging the most. EM performance is also negative, with ZAR (-0.8%) being the weakest. The MXN is relatively unchanged at 19.29 per dollar**

- **Commodities lower. Crude-oil futures drop nearly 2% following the Chinese Ministry of Finance's briefing, which lacked new incentives to boost consumption in the largest crude importer. Metals are down, with industrials performing the worst**

Corporate Debt

- **This week, three unsecured bonds of Instituto Fonacot and GM Financial de México are scheduled to be auctioned, as well as a structured issue of Vanrenta, for a total of MXN 4.0 billion**

- **S&P Global Ratings downgraded the ratings of Grupo GICSA and its GICSA 16U issue to 'mxCC' from 'mxB'. The outlook is Negative. The agency considers that the agreements with GICSA 16U's bondholders are less favorable than the terms and conditions agreed originally**

- **PCR Verum affirmed Grupo Hema's 'A/M' rating and maintained the Stable outlook, based on its solid commercial position as a leading franchise and brands operator**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,863.86	1.0%
S&P 500	5,815.03	0.6%
Nasdaq	18,342.94	0.3%
IPC	52,395.66	0.0%
Ibovespa	129,992.29	-0.3%
Euro Stoxx 50	5,003.92	0.7%
FTSE 100	8,253.65	0.2%
CAC 40	7,577.89	0.5%
DAX	19,373.83	0.8%
Nikkei 225	39,605.80	0.6%
Hang Seng	21,251.98	0.0%
Shanghai Composite	3,217.74	-2.5%
Sovereign bonds		
2-year Treasuries	3.96	0pb
10-year Treasuries	4.10	4pb
28-day Cetes	10.18	-6pb
28-day TIIE	10.74	0pb
2-year Mbono	9.95	-10pb
10-year Mbono	9.66	-7pb
Currencies		
USD/MXN	19.28	-0.9%
EUR/USD	1.09	0.0%
GBP/USD	1.31	0.1%
DXY	102.89	-0.1%
Commodities		
WTI	75.56	-0.4%
Brent	79.04	-0.5%
Mexican mix	70.33	-0.3%
Gold	2,656.59	1.0%
Copper	449.35	1.5%

Source: Bloomberg

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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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Directory
Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251

Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957

Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438

Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 – 2250

Hugo Armando Gómez Solís
Senior Strategist, Equity
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296

Gerardo Daniel Valle Trujillo
Senior Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060

Quantitative Analysis

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608

Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220

José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000

Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904

Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430