

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed, government bond yields strengthening, and the USD negative. Investors are focused on quarterly reports, with strong results from the banking sector. They also assess potential restrictions on sales of advanced US chips to other countries
- On the latter, according to several sources within the US government, impacted companies would include Nvidia, AMD, and Intel. In addition, the countries being discuss are in the Middle East, remembering that China is already facing some of these restrictions
- On economic figures, August's unemployment rate in the UK declined by 10bps to 4.0%. Industrial production in Eurozone for the same month rebounded 1.8% m/m, in line with expectations. Meanwhile, the ZEW survey in Germany showed an improvement in expectations in October to 13.1pts. In the US, the Empire manufacturing index came in at -11.9pts. On the monetary front we will be looking into the release of inflation expectations from the NY Fed, along speeches from Daly, Kugler, and Bostic
- In other news, in a call between President Biden and PM Netanyahu, the second leader said that they will not attack oil or nuclear facilities in Iran. Nevertheless, he stated that he could bomb military installations in said country. This is supporting the decline in oil and other commodities
- The 14th edition of the US-Mexico CEO Dialogue will be held today, where President Claudia Sheinbaum and several cabinet ministers will meet with private sector leaders from both countries

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
2:00	UK Unemployment rate* - Aug	%	--	4.1	4.1
5:00	GER ZEW Survey (Expectations) - Oct	% m/m	--	10.0	3.6
5:00	EZ Industrial production* - Aug	% m/m	--	1.8	-0.3
United States					
8:30	Empire manufacturing* - Oct	index	3.0	3.7	11.5
11:00	New York Fed 1-yr inflation expectations - Sep	%	--	--	3.00
11:30	Fed's Daly Gives Keynote Remarks				
Mexico					
11:00	International reserves - Oct 11	US\$bn	--	--	226.3
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Oct'54) and 2-, 5- and 10-year Bondes F				

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.
Equity indices		
S&P 500 Futures	5,908.00	0.0%
Euro Stoxx 50	5,025.77	-0.3%
Nikkei 225	39,910.55	0.8%
Shanghai Composite	3,201.29	-2.5%
Currencies		
USD/MXN	19.53	0.8%
EUR/USD	1.09	0.0%
DX	103.14	-0.2%
Commodities		
WTI	70.89	-4.0%
Brent	74.75	-3.5%
Gold	2,656.08	0.3%
Copper	435.95	-1.1%
Sovereign bonds		
10-year Treasury	4.06	-5pb

Source: Bloomberg

Equities

- Mixed movements in the main stock markets. Investors are assessing recent corporate reports, as well as the possibility that the US will limit exports of artificial intelligence chips, such as those of Nvidia (-0.7%), to some countries
- In the US, futures anticipate an opening without major changes. In Europe, the indices trade with a negative bias and the Eurostoxx declines, dragged down by energy companies that are affected by the situation in the Middle East. Asia closed mixed
- Of 13 S&P 500 companies due to release results today, 9 have already done so, most of them better than expected. Bank of America (+2.1%), Citigroup (+2.2%) and Goldman Sachs (+2.9%) are up in pre-market after reporting earnings that beat estimates. In Mexico, the focus will be on Amx figures after the market close

Sovereign fixed income, currencies and commodities

- Widespread gains in sovereign bonds with European benchmarks appreciating by an average of 4bps for 10-year maturities. US Treasuries strengthen by 1-4bps, with the long-end outperforming as trading resumed following yesterday's holiday, also supported by the decline in oil prices
- The USD weakens slightly in index terms due to a stronger performance in some G10 currencies, led by SEK (+0.6%) in today's session. In contrast, EM currencies show a mostly negative bias, with Asian currencies being the weakest. The MXN depreciates by 0.8% to 19.53
- WTI crude falls 4%, adding to yesterday's 2% losses, driven today by a reduced geopolitical risk premium related to Middle Eastern tensions. Metals also print a negative performance, with industrial metals underperforming, as copper falls by 1.1%

Corporate Debt

- HR Ratings upgraded Banco Monex's rating to 'HR AA+' from 'HR AA', changing the Positive outlook to Stable. The upgrade is based on the stability in delinquency levels, exhibiting a delinquency and adjusted delinquency rate of 1.4% and 1.7% as of 2Q24, as a result of robust portfolio monitoring and collection processes
- HR Ratings affirmed Nacional Financiera's ratings at 'HR AAA' with Stable outlook and 'HR+1' for the short term. The ratings are based on the explicit support received by the Bank from the Federal Government for the fulfillment of its obligations

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	43,065.22	0.5%
S&P 500	5,859.85	0.8%
Nasdaq	18,502.69	0.9%
IPC	52,000.59	-0.8%
Ibovespa	131,005.25	0.8%
Euro Stoxx 50	5,041.01	0.7%
FTSE 100	8,292.66	0.5%
CAC 40	7,602.06	0.3%
DAX	19,508.29	0.7%
Nikkei 225	39,605.80	0.0%
Hang Seng	21,092.87	-0.7%
Shanghai Composite	3,284.32	2.1%
Sovereign bonds		
2-year Treasuries	3.96	0pb
10-year Treasuries	4.10	0pb
28-day Cetes	10.26	8pb
28-day TIIE	10.74	0pb
2-year Mbono	9.96	1pb
10-year Mbono	9.66	0pb
Currencies		
USD/MXN	19.38	0.5%
EUR/USD	1.09	-0.3%
GBP/USD	1.31	-0.1%
DX	103.30	0.4%
Commodities		
WTI	73.83	-2.3%
Brent	77.46	-2.0%
Mexican mix	68.73	-2.3%
Gold	2,648.54	-0.3%
Copper	440.60	-1.9%

Source: Bloomberg

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