Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today...

- **Stock markets up, USD down and government bond yields up after the positive report from TSMC, which soothed the market's nerves on the chip sector**

- **As widely expected, the European Central Bank cut its benchmark interest rates by -25bp. In the statement, they explained that the disinflationary process is well on track. Attention is now on Lagarde's press conference. Later, there will also be monetary policy decisions in Chile and Turkey**

- **Regarding economic figures, US retail sales for September were published at +0.4% m/m (consensus +0.3% m/m), while the control group came in at +0.7% m/m (consensus +0.3% m/m). The figures confirm that consumption remains solid. Meanwhile, jobless claims stood at 241k in the week ending October 12, below the previous figure of 260k, still affected by the effects of hurricanes Helene, Milton, and the Boeing strike. Industrial production will be released later**

- **In the Eurozone, final inflation for September stood at 1.7% y/y, below the preliminary figure of 1.8% and the previous month's 2.2%. Later, the GDP for 3Q24 in China will be released. Consensus expects it at 4.5% y/y**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer prices - Sep (F)	% y/y	--	1.8	1.8
5:00	Core - Sep (F)	% y/y	--	2.7	2.7
8:15	Monetary policy decision (ECB)	%	3.25	3.25	3.50
8:45	ECB President Christine Lagarde Holds Press Conference				
Turkey					
7:00	Monetary policy decision (C. Bank Turkey)	%	--	50.00	50.00
United States					
8:30	Advance retail sales* - Sep	% m/m	0.3	0.3	0.1
8:30	Ex autos & gas* - Sep	% m/m	--	0.3	0.2
8:30	Control group* - Sep	% m/m	0.1	0.3	0.3
8:30	Philadelphia Fed* - Oct	index	2.0	3.0	1.7
8:30	Initial jobless claims* - Oct 12	thousands	--	250	258
9:15	Industrial production* - Sep	% m/m	0.0	-0.1	0.8
9:15	Manufacturing production* - Sep	% m/m	0.1	-0.1	0.9
Chile					
17:00	Monetary policy decision (BCCh)	%	--	5.25	5.50
China					
22:00	Gross domestic product - 3Q24	% y/y	--	4.5	4.7

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	5,916.00	0.5%
Euro Stoxx 50	4,953.98	0.9%
Nikkei 225	38,911.19	-0.7%
Shanghai Composite	3,169.38	-1.0%
Currencies		
USD/MXN	19.98	0.5%
EUR/USD	1.08	-0.2%
DXY	103.73	0.1%
Commodities		
WTI	70.72	0.5%
Brent	74.50	0.4%
Gold	2,677.42	0.1%
Copper	433.60	-0.7%
Sovereign bonds		
10-year Treasury	4.07	5pb

Source: Bloomberg

Equities

- **Mostly positive movements in the stock markets, except Asia, with investors reacting to the better-than-expected results of Taiwan Semiconductor Manufacturing Co. (TSMC) which increased profits by 54%, and boosted the entire technology sector**
- **As a result, US futures are above their theoretical value with the Nasdaq +0.9% and the S&P 500 +0.5%. Likewise, the Eurostoxx was positive (+0.9%), supported by companies in the industrial and consumer sectors. Finally, Asia closed negatively, highlighting the Hang Seng and Nikkei decrease of 1.0% and 0.7%, respectively**
- **In corporates, 9 of 11 S&P 500 companies publishing earnings results today have released them, most of them better-than-expected, with the financial sector standing out positively with Blackstone and M&T Bank. In the afternoon, Netflix's results will be released. In Mexico, figures from Kimber and Qualitas are expected at the close**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. 10-year rates in Europe are under pressure ~2bps, while the Treasury curve records losses of 2-6bps. Yesterday, Mbonos registered an average adjustment of +13bps. The 10-year reference (Nov'34) closed at 9.84% (+15bps)**
- **USD shows a mixed bias against G10 currencies, with AUD (+0.3%) and CAD (-0.3%) at the extremes. In EM, performance is negative, with ZAR (-0.8%) being the weakest. The MXN depreciates by 0.4% to 19.96 per dollar, extending the previous day's losses (-0.9%)**
- **Mixed performance in commodities. After four days of losses, crude-oil futures are trading with few changes. Investors remain cautious following the announcement of new stimulus in China that fell short of expectations. Precious metals are up while industrials are down**

Corporate Debt

- **PCR Verum downgraded MAC Health's (Hospitales MAC) long-term corporate rating to 'A+/M' from 'AA-/M' and changed the outlook to Negative from Stable. The rating action follows that, given the relevant growth in its installed capacity, the company has presented adjustments in its occupancy levels that have resulted in a lower-than-expected dynamism in its revenues, along with reduced operating margins**
- **HR Ratings affirmed its rating for Operadora de Sites Mexicanos (Opsimex) at 'HR AAA' with Stable Outlook. The rating is based on the strength of the metrics achieved during the period observed in the last twelve months as of 2Q24, which were in line with the agency's expectations**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	43,077.70	0.8%
S&P 500	5,842.47	0.5%
Nasdaq	18,367.08	0.3%
IPC	52,483.62	0.2%
Ibovespa	131,749.72	0.5%
Euro Stoxx 50	4,908.71	-0.8%
FTSE 100	8,329.07	1.0%
CAC 40	7,492.00	-0.4%
DAX	19,432.81	-0.3%
Nikkei 225	39,180.30	-1.8%
Hang Seng	20,286.85	-0.2%
Shanghai Composite	3,202.95	0.1%
Sovereign bonds		
2-year Treasuries	3.94	-1pb
10-year Treasuries	4.01	-2pb
28-day Cetes	10.27	6pb
28-day TIIE	10.74	0pb
2-year Mbono	10.07	11pb
10-year Mbono	9.86	14pb
Currencies		
USD/MXN	19.89	0.9%
EUR/USD	1.09	-0.3%
GBP/USD	1.30	-0.6%
DXY	103.59	0.3%
Commodities		
WTI	70.39	-0.3%
Brent	74.22	0.0%
Mexican mix	65.29	-0.2%
Gold	2,673.83	0.4%
Copper	436.75	0.7%

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.
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