

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets negative, government bond yield mixed, and USD slightly down with investors paring back their expectations for Fed's rate cuts following comments that indicated a preference for reducing rates at slower pace after recent resilient economic data
- The International Monetary Fund's World Economic Outlook will be released today. Also, the attention will be on speeches by members of the Fed, ECB and Bank of England, including Harker, Lagarde and Bailey
- In events, the BRICS summit will be held in Kazan, Russia, hosted by Russian President Vladimir Putin. Among those attending are the leaders of India and China
- According to a Reuters/Ipsos poll, Kamala Harris has a slight lead in voting intentions over former President Trump, 46% to 43%
- In Mexico, INEGI released August's GDP-proxy IGAE, down 0.3% m/m (0.4% y/y). By sectors, primary activities contracted 9.1% m/m, with industry also negative at -0.5%. On the contrary, services advanced 0.3%

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Economic activity indicator (IGAE) - Aug	% y/y	0.9	0.8	3.8
8:00	Economic activity indicator (IGAE)* - Aug	% m/m	0.0	0.0	0.6
11:00	International reserves - Oct 18	US\$bn	--	--	226.0
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 30-year Mbono (Jul'53), 10-year Udibono (Aug'34) and 1- and 3-year Bondes F				
16:30	Citibanamex Survey of Economists				
United States					
10:00	Fed's Harker Speaks at Fintech Conference				

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	5,868.00	-0.5%
Euro Stoxx 50	4,925.40	-0.3%
Nikkei 225	38,411.96	-1.4%
Shanghai Composite	3,285.87	0.5%
Currencies		
USD/MXN	19.88	-0.5%
EUR/USD	1.08	0.0%
DXY	103.97	0.0%
Commodities		
WTI	71.17	0.9%
Brent	74.93	0.9%
Gold	2,735.71	0.6%
Copper	439.55	0.8%
Sovereign bonds		
10-year Treasury	4.19	-1pb

Source: Bloomberg

Equities

- Negative movements in the main stock markets with investors assessing growth prospects as the earnings season progresses. Against this backdrop, Europe trades with losses and the Eurostoxx is falling 0.5%, dragged down by the utilities sector. In the same vein, Asia closed lower, with the Nikkei dropping 1.4%
- In the US, futures anticipate a negative opening with the Nasdaq declining 0.4% below its notional value. Of 29 S&P500 companies releasing results today, 17 have already released them. In particular, General Electric falls more than 4.8% in pre-market after reporting numbers that fell short of market expectations
- In Mexico, yesterday Gap released better-than-expected operating figures, reinforcing the expectation of a recovery going forward. Today we expect results from Alsea, Asur, Gcc, Livepol, and Volar

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. In Europe, 10-year rates increase 3bps, on average. Meanwhile, the Treasuries' curve records a flattening bias with gains of 1bp at the long-end after a 11bps sold-off yesterday. Meanwhile, long-term Mbonos adjusted of up to +21bps. The 10-year benchmark closed at 10.07% (+18bps) and the local risk premia moved to 587bps from 580bps a day before
- Dollar weakens against most of the G10 currencies, except GBP (-0.1%). In EM, the bias is mixed. The CLP (+0.6%) lead gains, driven by the copper (+0.9%). Meanwhile, the MXN is second strongest trading at 19.88 per dollar (+0.5%)
- Crude-oil futures rise as traders weigh Mideast conflict. Favorable balance in metals, with gold reaching fresh record levels

Corporate Debt

- Vinte announced that, in addition to the credit provisions reported in September, it obtained approval from the International Finance Corporation (IFC) to obtain additional financing for MXN 1.15 billion, which resources may also be used by Vinte for the acquisition of Javier
- HR Ratings upgraded Banco Ve por Más' rating to 'HR AA-' from 'HR A+'. The upgrade is based on the financial improvement observed during the last twelve months, where the increase in the solvency position stands out, with a capitalization ratio of 14.9% as of 2Q24 (vs. 14.1% as of 2Q23)

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,931.60	-0.8%
S&P 500	5,853.98	-0.2%
Nasdaq	18,540.01	0.3%
IPC	52,814.82	-0.4%
Ibovespa	130,361.56	-0.1%
Euro Stoxx 50	4,941.22	-0.9%
FTSE 100	8,318.24	-0.5%
CAC 40	7,536.23	-1.0%
DAX	19,461.19	-1.0%
Nikkei 225	38,954.60	-0.1%
Hang Seng	20,478.46	-1.6%
Shanghai Composite	3,268.11	0.2%
Sovereign bonds		
2-year Treasuries	4.03	8pb
10-year Treasuries	4.20	11pb
28-day Cetes	10.39	3pb
28-day TIIE	10.74	-1pb
2-year Mbono	10.26	13pb
10-year Mbono	10.08	18pb
Currencies		
USD/MXN	19.98	0.5%
EUR/USD	1.08	-0.5%
GBP/USD	1.30	-0.5%
DX	104.01	0.5%
Commodities		
WTI	70.56	1.9%
Brent	74.29	1.7%
Mexican mix	65.42	1.7%
Gold	2,719.85	-0.1%
Copper	435.95	-0.6%

Source: Bloomberg

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