

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed –albeit with a negative bias in Europe and America–, government bond yields also mixed while the USD strengthens. Stock markets are limited given a greater flow of corporate reports while US bonds remain under upward pressure as the view of more moderate cuts from the Fed ins factored in
- On the monetary front, we await comments from Bowman (Fed Board) and Barkin (Richmond). We will also hear from Lagarde (ECB) and Bailey (BoE) in the context of the IMF and World Bank fall meetings. In addition, we will have the decision from the Bank of Canada, where the consensus expects -50bps to 3.75%
- In the economic agenda, in the US we will be watching the September's existing home sales, as well as the Fed's Beige Book. In the Eurozone, focus will be on October's consumer confidence. Finally, in Mexico, August's retail sales showed 0.1% m/m increase (-0.8% y/y). Inside, only 3 out of the 9 sectors grew
- During the BRICS leaders' meeting in Kazan, Russia, Vladimir Putin noted that the world is becoming more polarized. One of the main points to be addressed in the discussions –particularly with India and China– is expected to be the war with Ukraine.
- US Secretary of State, Anthony Blinken, will visit Saudi Arabia as part of his Middle East tour that seeks a ceasefire in the various conflicts
- Harris noted that she supports raising the federal minimum wage to US\$15 per hour. Meanwhile, Trump promised tax incentives for the purchase of cars made in the US. In this context, it should be noted that early voting has already begun in some states and candidates' efforts in swing states continue

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Retail sales - Aug	% y/y	-0.5	-0.2	-0.6
8:00	Retail sales* - Aug	% m/m	0.2	0.2	0.7
Eurozone					
10:00	Consumer confidence* - Oct (P)	index	--	-12.5	-12.9
United States					
9:00	Fed's Bowman Gives Opening Remarks				
10:00	Existing home sales** - Sep	millions	--	3.9	3.9
12:00	Barkin speaks about Education and Workforce				
14:00	Beige Book				

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,880.00	-0.2%
Euro Stoxx 50	4,921.55	-0.4%
Nikkei 225	38,104.86	-0.8%
Shanghai Composite	3,302.80	0.5%
Currencies		
USD/MXN	20.06	0.5%
EUR/USD	1.08	-0.3%
DX	104.51	0.4%
Commodities		
WTI	70.47	-2.2%
Brent	74.75	-1.7%
Gold	2,743.47	-0.2%
Copper	431.30	-1.5%
Sovereign bonds		
10-year Treasury	4.24	3pb

Source: Bloomberg

Equities

- Negative bias in stock markets as investors evaluate corporate reports. Attention will be on the start of the 'Magnificent Seven' results with Tesla at market's close
- In Europe, losses prevailed and Asia closed mixed. In the US, futures anticipate a negative opening, falling 0.4% on average. Out of 35 S&P 500 companies that are scheduled to release results today, 17 have already done so, most of them better than expected. Coca-Cola falls (-1.7%) after forecasting weakness in results for 2025. AT&T rises (+3.0%) beating expectations and increasing its mobile subscribers
- In Mexico, Gcc's profitability surprised positively; Asur's results reaffirmed moderate growth; Livepol reported in line, although with margin pressures; and Alsea presented a mixed report. Today, the results of 8 Mexbol companies are expected

Sovereign fixed income, currencies and commodities

- Mixed activity in sovereign bonds, with Europe appreciating, particularly in the short-end, amid increasing bets on a more dovish bias from the ECB. The opposite is for USTs, which continue with recent pressures, with curve higher by +2bps today
- The USD strengthens, holding onto the week's gains, supported by a rebound in US rates. Across the G10, all currencies weaken, led by JPY (-1%), while the EUR (-0.3%) breaks below 1.08 with greater conviction. In EM, the overall tone is also negative, with the MXN depreciating 0.5% to 20.06, hitting 20.10 during intraday trading
- Oil drops 2%, awaiting US inventory data that could show an increase, while attention remains focused on developments in the Middle East. Gold holds near its highs, and copper declines

Corporate Debt

- PCR Verum increased FHipo's short-term ratings to '1+/M' from '1/M'. The upgrade reflects the strength of the issuer's capitalization and leverage levels, combined with adequate profitability, characterized by good operating efficiency
- HR Ratings affirmed Consorcio ARA's rating at 'HR AA+' while maintaining a Stable outlook, based on the growth of the company's operations and the stabilization of working capital requirements from 2024 to 2026

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,924.89	0.0%
S&P 500	5,851.20	0.0%
Nasdaq	18,573.13	0.2%
IPC	52,368.69	-0.8%
Ibovespa	129,951.37	-0.3%
Euro Stoxx 50	4,939.31	0.0%
FTSE 100	8,306.54	-0.1%
CAC 40	7,535.10	0.0%
DAX	19,421.91	-0.2%
Nikkei 225	38,411.96	-1.4%
Hang Seng	20,498.95	0.1%
Shanghai Composite	3,285.87	0.5%
Sovereign bonds		
2-year Treasuries	4.03	0pb
10-year Treasuries	4.21	1pb
28-day Cetes	10.20	-19pb
28-day TIIE	10.74	1pb
2-year Mbono	10.29	3pb
10-year Mbono	10.09	0pb
Currencies		
USD/MXN	19.95	-0.1%
EUR/USD	1.08	-0.1%
GBP/USD	1.30	0.0%
DX	104.08	0.1%
Commodities		
WTI	72.09	2.2%
Brent	76.04	2.4%
Mexican mix	66.93	2.3%
Gold	2,749.01	1.1%
Copper	438.05	0.5%

Source: Bloomberg

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