

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets mixed, government bond yields negative, and the USD with small changes. Investors continue assessing company earnings for clues on the economy's health and the resilience of profits. Caution and nervousness remains ahead of US election on November 5th**
- **China's latest stimulus package –which includes interest rate cuts, more liquidity injections to banks, and support for the housing sector– didn't impress economic leaders meeting in Washington. They have called for more measures to rebalance China's growth and have greater clarity on the country's fiscal policies and political plans**
- **BoJ Governor, Kazuo Ueda, announced that there is time to consider following next steps in monetary policy, in a signal that the central bank won't hike rates next week. It is worth noting that inflation in Japan came in below 2% y/y for the first time in five months**
- **On the economic agenda, the decline in September's durable goods orders in the US stands out, at -0.8%, although with the previous figure being revised sharply downwards. Later we will know the U. of Michigan's confidence of October, expecting a slight improvement. Finally, in Germany, October's IFO survey was published, at 86.5pts, above expectations, and supporting other figures that show that the economic slowdown may be ending**
- **Regarding the presidential race, Harris supporters, including former President Barack Obama, focused on winning votes in the swing state of Georgia. Trump talked about immigration issues and denied making admiring remarks about Hitler**
- **According to the Wall Street Journal, Elon Musk has had regular chats with Vladimir Putin since 2022, citing Russian, European and American officials who confirmed that discussions about personal, business, and geopolitical issues. Meanwhile, Musk donated another \$56 million to Trump's campaign, bringing his total election spend to \$132 million**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	GER IFO Survey (business climate)* - Oct	index	--	85.6	85.4
4:00	EZ Monetary aggregates (M3)* - Sep	% y/y	--	2.9	2.9
United States					
8:30	Durable goods orders* - Sep (P)	% m/m	--	-1.0	0.0
8:30	Ex transportation* - Sep (P)	% m/m	--	-0.1	0.5
10:00	U. of Michigan confidence* - Oct (F)	index	69.0	69.2	68.9

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

October 25, 2024



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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	5,864.75	0.3%
Euro Stoxx 50	4,933.24	0.0%
Nikkei 225	37,913.92	-0.6%
Shanghai Composite	3,299.70	0.6%
Currencies		
USD/MXN	19.82	0.1%
EUR/USD	1.08	0.0%
DX	104.01	0.0%
Commodities		
WTI	70.77	0.8%
Brent	74.89	0.7%
Gold	2,726.55	-0.4%
Copper	434.30	-0.2%
Sovereign bonds		
10-year Treasury	4.20	-2pb

Source: Bloomberg

Equities

- Main stock indices mixed, with investors' attention in the earnings season, which maintains a favorable bias. Futures in the US anticipate a positive opening, with the S&P500 trading 0.3% above its theoretical value, although the week is on track to be negative, after 6 consecutive gains. The Eurostoxx trades with small changes with some weak reports such as that of Remy Cointreau and Mercedes Benz
- So far, we have ~36% of the results of S&P500 companies and a cumulative increase in profits of 3.5% vs 5.1%e. The positive surprise rate stands at 75.3% vs. 79.8% in 2Q24
- In Mexico we await for Kof's report. Oma posted declines in line with expectations. Televisa was weak, and the license of Emilio Azcárraga Jean, its Executive Chairman, was surprising. The Mexbol Index could consolidate close to 52,000pts

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. 10-year rates in Europe decrease by ~3bps, while the Treasury curve print gains of 1-2bps, with better performance at the belly. Yesterday, Mbonos recorded an average adjustment of -6bps
- USD has a mixed bias against G10 currencies, with NOK (+0.1%) and SEK (-0.2%) at the extremes. In EM, the performance is negative, with PHP (-0.8%) as the weakest. The MXN depreciates slightly to 19.83 per dollar
- Mixed performance in commodities. After two days of losses, crude-oil futures appreciate by nearly 1%. Investors remain alert for a potential Israeli attack in retaliation against Iran and possible changes in OPEC+ production plans. Precious metals are down while industrial metals are up

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,374.36	-0.3%
S&P 500	5,809.86	0.2%
Nasdaq	18,415.49	0.8%
IPC	51,795.56	-0.7%
Ibovespa	130,066.95	0.6%
Euro Stoxx 50	4,935.45	0.3%
FTSE 100	8,269.38	0.1%
CAC 40	7,503.28	0.1%
DAX	19,443.00	0.3%
Nikkei 225	38,143.29	0.1%
Hang Seng	20,489.62	-1.3%
Shanghai Composite	3,280.26	-0.7%
Sovereign bonds		
2-year Treasuries	4.08	0pb
10-year Treasuries	4.21	-3pb
28-day Cetes	10.20	-1pb
28-day TIIE	10.73	0pb
2-year Mbono	10.27	-3pb
10-year Mbono	10.07	-4pb
Currencies		
USD/MXN	19.81	-0.2%
EUR/USD	1.08	0.4%
GBP/USD	1.30	0.4%
DX	104.06	-0.4%
Commodities		
WTI	70.19	-0.8%
Brent	74.38	-0.8%
Mexican mix	65.64	-0.9%
Gold	2,736.17	0.8%
Copper	435.15	0.3%

Source: Bloomberg

Corporate Debt

- HR Ratings affirmed Grupo HYCSA's rating at 'HR A+' and changed the outlook to Positive from Stable. The rating action is based on the observed increase in the backlog and, therefore, in the estimated revenues that would result in EBITDA and Free Cash Flow increases, higher than those estimated by the rating agency
- HR Ratings affirmed Fibra Inn's ratings at 'HR A+' with Stable outlook. The ratification is based on the Free Cash Flow generation and the continuous deleveraging reported in the last twelve months as of 2Q24

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