

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets biased higher, with government bond yields and USD mixed. Some relief after Israel's retaliatory attack against Iran during the weekend that avoided the latter country's oil facilities, descaling tensions between them and inducing a big drop in oil prices
- On the weekend, the coalition of Japanese prime minister Shigeru Ishiba failed to win a majority in the Lower House during the latest legislative elections. In response, he promised to reestablish political stability in a bid to maintain power
- No more economic data or relevant events today in Mexico and the US during the rest of the trading session
- Investors' attention this week on data releases. We highlight October's nonfarm payrolls in the US. We estimate 100 thousand jobs (consensus: 110 thousand), with the unemployment rate at 4.2%. The print will be noisy due to the impact of hurricanes Helene and Milton, among other factors. In addition, the first estimate of 3Q24 GDP in the Eurozone, US, and Mexico. For the latter we anticipate 1.2% y/y growth (0.8% q/q)
- Monetary policy decisions only by the BoJ and in Colombia. Consensus expectations in the former sees an unchanged interest rate, albeit with attention on the possibility of future increases. No speeches from Fed members because of the silence period
- The rest of the US agenda includes housing prices (Aug), personal income & spending, PCE deflator, trade balance (Sep), vehicle sales, ISM manufacturing, consumer confidence, and the ADP private employment report (Oct)
- In other regions, unemployment rate (Sep), inflation, and consumer confidence (Oct) in the Eurozone; PMIs (Oct) in China; as well as the unemployment rate and industrial production (Sep) in Brazil
- In Mexico, September's trade balance posted a US\$578.9 million deficit. In coming days, we will know family remittances, banking credit, unemployment rate, the public finance report (Sep), IMEF's PMI indicators (Oct), and Banxico's survey

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Trade balance - Sep	US\$m	-2,503.1	-1,963.5	-4,868.0

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	5,873.50	0.5%
Euro Stoxx 50	4,936.01	-0.1%
Nikkei 225	38,605.53	1.8%
Shanghai Composite	3,322.20	0.7%
Currencies		
USD/MXN	20.06	0.4%
EUR/USD	1.08	0.2%
DX	104.22	0.0%
Commodities		
WTI	67.39	-6.1%
Brent	71.79	-5.6%
Gold	2,732.53	-0.5%
Copper	435.50	-0.4%
Sovereign bonds		
10-year Treasury	4.26	2pb

Source: Bloomberg

Equities

- Mixed movements, although with a positive bias prevailing in main stock indices. Investors are preparing for a key week with the reports of 170 S&P500 companies, where five of the 'Magnificent Seven' will present their results
- US futures point to a positive opening with the Nasdaq trading 0.6% above its theoretical value. The Eurostoxx is lower, dragged down mainly by companies in the energy sector
- In Mexico, the season ends with the results of 8 Mexbol companies this week. Today, Cemex reported below expectations, impacted by weather conditions. This will not be well received by the market. Revenues fell 6% and EBITDA 13%. The company lowered its guidance, now seeing a low single digit decline in EBITDA 2024 vs. a low-to-mid single digit rise previously

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. Ten-year rates in Europe fall by ~2bps, while the Treasury curve has slight changes, with pressures of +1bp at the long-end. Last week, Mbonos recorded an average adjustment of +16 bps
- USD mixed against G10 currencies, trading in a narrow range of $\pm 0.3\%$. In EM, performance is also mixed, with IDR (-0.6%) and KRW (+0.5%) at the extremes. The MXN depreciates by 0.4% to 20.06 per dollar
- Negative performance in commodities. Crude-oil futures drop nearly 6% after Israel's strikes on targets in Iran bypassed oil, nuclear, and civilian infrastructure. Metals down, with gold and copper falling by 0.5% and 0.4%, respectively

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,114.40	-0.6%
S&P 500	5,808.12	0.0%
Nasdaq	18,518.61	0.6%
IPC	51,784.33	0.0%
Ibovespa	129,893.32	-0.1%
Euro Stoxx 50	4,943.09	0.2%
FTSE 100	8,248.84	-0.2%
CAC 40	7,497.54	-0.1%
DAX	19,463.59	0.1%
Nikkei 225	37,913.92	-0.6%
Hang Seng	20,590.15	0.5%
Shanghai Composite	3,299.70	0.6%
Sovereign bonds		
2-year Treasuries	4.10	3pb
10-year Treasuries	4.24	3pb
28-day Cetes	10.47	27pb
28-day TIIE	10.72	-1pb
2-year Mbono	10.27	0pb
10-year Mbono	10.11	4pb
Currencies		
USD/MXN	19.99	0.9%
EUR/USD	1.08	-0.3%
GBP/USD	1.30	-0.1%
DX	104.26	0.2%
Commodities		
WTI	71.78	2.3%
Brent	76.05	2.2%
Mexican mix	66.91	1.9%
Gold	2,747.56	0.4%
Copper	437.05	0.4%

Source: Bloomberg

Corporate Debt

- This week we expect the auction of a tap issue of Nacional Financiera's social bond, NAFR 24S, for MXN 3.0 billion (max. MXN 6.0 billion)
- S&P Global placed Sigma Alimentos' 'BBB-' and 'mxAA+' ratings on Positive Credit Watch, after taking the same action on its parent company, Alfa, as they expect its credit profile to improve after the spin-off of its other subsidiary, Alpek
- PCR Verum ratified Grupo Traxión's rating at 'AA/M' with Stable outlook. The agency considers that the ratings' main metrics and fundamentals will remain at similar and manageable levels in light of the acquisition of Solística

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