

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, government bond yields mixed, and USD with little changes with investors digesting disappointing results from Microsoft and Meta, awaiting reports from Amazon and Apple today, and digesting economic data that will give more clarity on the Fed's rate cut outlook**
- **Bonds in the UK fell in response to the government's new fiscal stimulus plan and in Europe after an acceleration in the October inflation data, increasing the arguments for a gradual ECB rate cut cycle. Inflation in the tenth month of the year was +0.3% m/m (consensus +0.2%), with the annual change rising from 1.7% to 2.0%**
- **In the US, the personal spending and income report for September was released. The PCE deflator, came in at +0.2% m/m (consensus +0.2%), with the annual change moving from 2.2% to 2.1%. The PCE Core was +0.3% m/m, in line with estimates, with the annual change remaining at 2.7%. Jobless claims for the week ending October 26 stood at 216k, below expectations, reaffirming the strength of the labor market. Later in China, the October manufacturing PMI will be published. In Mexico, bank credit figures will be released**
- **On the monetary policy front, the central bank of Colombia will announce its decision**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
6:00	Consumer prices - Oct (P)	% y/y	--	1.9	1.7
6:00	Core - Oct (P)	% y/y	--	2.6	2.7
United States					
8:30	Personal income* - Sep	% m/m	--	0.3	0.2
8:30	Personal spending* - Sep	% m/m	--	0.4	0.2
8:30	Real personal spending* - Sep	% m/m	--	0.3	0.1
8:30	PCE Deflator* - Sep	% m/m	--	0.2	0.1
8:30	Core* - Sep	% m/m	--	0.3	0.1
8:30	PCE Deflator - Sep	% y/y	--	2.1	2.2
8:30	Core - Sep	% y/y	--	2.6	2.7
8:30	Initial jobless claims* - Oct-26	thousands	230	230	227
Mexico					
11:00	Banking credit - Sep	% y/y	7.8	--	7.9
Colombia					
14:00	Monetary policy decision (BanRep)	%	--	9.75	10.25
China					
21:45	Manufacturing PMI (Caixin)* - Oct	index	--	49.7	49.3

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	5,816.75	-0.6%
Euro Stoxx 50	4,847.37	-0.8%
Nikkei 225	39,081.25	-0.5%
Shanghai Composite	3,279.82	0.4%
Currencies		
USD/MXN	20.05	-0.5%
EUR/USD	1.09	0.2%
DXY	103.92	-0.1%
Commodities		
WTI	69.23	0.9%
Brent	73.12	0.8%
Gold	2,772.80	-0.5%
Copper	436.10	0.2%
Sovereign bonds		
10-year Treasury	4.29	-1pb

Source: Bloomberg

Equities

- Negative movements in the major indices expand, with investors digesting results of two Magnificent yesterday. The first is Microsoft, down ~4% pre-market trading, after releasing disappointing Azure (cloud) growth forecasts. The second is Meta, also down ~4%, which warned of worsening losses in AI after sales narrowly beat expectations
- As a result, US futures are below their theoretical value with the Nasdaq down 0.7% and the S&P500 down 0.6%. Similarly, Eurostoxx falls 0.8%, dragged down by poor corporate reports from the banking sector. Finally, Asia closed in the same direction, with the Nikkei dropping 0.5% and the Hang Seng 0.3%
- Attention will now focus on two other Magnificent, Apple and Amazon, whose figures will be released after-market

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. The 10-year European rates rise 2bps, on average. Meanwhile, the Treasuries' yield curve flattens with gains of up to 3bps at the long-end. Yesterday, Mbonos' curve adjusted between +/-5bps, with the 10-year benchmark closing at 10.02% (-3bps)
- Dollar weakens against most G10 currencies, with NOK (+0.5%) as the strongest. In EM, the bias is also positive. Meanwhile, the MXN trades as the second strongest at 20.05 per dollar (+0.5%), halting four negative sessions in a row
- Crude-oil futures advance after US crude inventories shrank, with the market monitoring the Middle East for any potential flare-up. Negative balance in metals, but gold trades close to all-time highs

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,141.54	-0.2%
S&P 500	5,813.67	-0.3%
Nasdaq	18,607.93	-0.6%
IPC	50,877.24	-0.6%
Ibovespa	130,639.33	-0.1%
Euro Stoxx 50	4,885.75	-1.3%
FTSE 100	8,159.63	-0.7%
CAC 40	7,428.36	-1.1%
DAX	19,257.34	-1.1%
Nikkei 225	39,277.39	1.0%
Hang Seng	20,380.64	-1.5%
Shanghai Composite	3,266.24	-0.6%
Sovereign bonds		
2-year Treasuries	4.18	9pb
10-year Treasuries	4.30	5pb
28-day Cetes	10.21	1pb
28-day TIIE	10.72	0pb
2-year Mbono	10.27	3pb
10-year Mbono	10.04	-1pb
Currencies		
USD/MXN	20.15	0.4%
EUR/USD	1.09	0.3%
GBP/USD	1.30	-0.4%
DX	103.99	-0.3%
Commodities		
WTI	68.61	2.1%
Brent	72.55	2.0%
Mexican mix	63.60	2.3%
Gold	2,787.61	0.5%
Copper	435.15	-0.2%

Source: Bloomberg

Corporate Debt

- Grupo Elektra informed that its subsidiary Nueva Elektra del Milenio completed the issuance of new Senior Secured Notes backed by future flows of remittances, in a private offering in the US for a principal amount of US\$350 million, with a 12.500% rate due in 2031
- HR Ratings downgraded Metrofinanciera's rating to 'HR B-' from 'HR B', keeping the Negative Watch. The downgrade was based on the weak financial performance reported by the company in the last twelve months, where the pressure on the solvency position stands out

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