

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields mixed and the USD lower, with investors processing mixed signals from tech companies and assimilating US employment figures and its implications for upcoming Fed actions**
- **In the US, September's employment report showed the creation of 12 thousand jobs –below expectations–, with the unemployment rate at 4.1%. Wages maintained their pace of growth. Throughout the day, PMI and ISM manufacturing and auto sales for October will also be released. Elsewhere, in the UK, October's manufacturing PMI was revised down to 49.9pts. In China, the same Caixin indicator surprised to the upside at 50.3pts. Meanwhile, in Brazil, industrial production in September rebounded by 1.1% m/m**
- **In Mexico, September's unemployment rate declined to 2.92%, with a loss of 276.0 thousand jobs. With seasonally adjusted figures, the rate came in at 2.74% (-3bps). Later in the day, we await remittances for the same month, as well as Banxico's expectations survey and IMEF's PMIs**
- **Boeing announced that it has reached a tentative agreement with 33,000 workers to end the strike that began in mid-September. The proposal will be voted on by the workers on Monday and includes a US\$12,000 bonus and a 38% wage increase over the next four years**
- **According to various reports, Iranian forces are preparing to launch air strikes on Israel but from Iraq. It is expected that the launches could take place over the weekend**

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Winners of the award as the best economic forecasters in Mexico by LSEG in 2023



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Industrial production - Sep	% y/y	--	3.4	2.2
8:00	Industrial production* - Sep	% m/m	--	0.9	0.1
Mexico					
8:00	Unemployment rate - Sep	%	2.98	3.00	3.04
11:00	Family remittances - Sep	US\$bn	5872.6	5950.0	6087.3
11:00	Survey of expectations (Banxico)				
14:00	Manufacturing PMI (IMEF)* - Oct	index	49.1	--	49.5
14:00	Non-manufacturing PMI (IMEF)* - Oct	index	49.8	--	49.4
United States					
8:30	Nonfarm payrolls* - Oct	thousands	100	110	254
8:30	Unemployment rate* - Oct	%	4.2	4.1	4.1
9:45	Manufacturing PMI* - Oct (F)	index	47.8	47.8	47.8
10:00	ISM manufacturing* - Oct	index	47.4	47.6	47.2
	Total vehicle sales** - Oct	millions	--	15.8	15.8

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,761.00	0.4%
Euro Stoxx 50	4,867.53	0.8%
Nikkei 225	38,053.67	-2.6%
Shanghai Composite	3,272.01	-0.2%
Currencies		
USD/MXN	19.99	-0.2%
EUR/USD	1.09	-0.2%
DXY	104.05	0.1%
Commodities		
WTI	70.81	2.2%
Brent	74.25	1.5%
Gold	2,754.52	0.4%
Copper	435.20	0.3%
Sovereign bonds		
10-year Treasury	4.30	2pb

Source: Bloomberg

Equities

- Stock markets with almost widespread increases on dip-buying and while corporate earnings from big techs continue to influence investors' sentiment
- Futures in the US anticipate a positive opening, with the S&P500 trading 0.4% above its theoretical value, and the Nasdaq doing the same at 0.5%, after the important adjustments we observed yesterday. Investors applaud the upbeat results of Amazon and Intel, while on the contrary, Apple's figures disappointed by showing a lackluster demand in China. In today's reports, Exxon and Chevron stand out, above expectations
- We already have 68% of the results of S&P 500 companies and a cumulative increase in profits of 9.6% vs. 5.1%. The positive surprises rate stands at 75.4% vs. 79.8% in the previous quarter

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. 10-year rates in Europe decrease by 1bp on average, while the Treasury curve prints a steepening bias, with gains of 6bps at the short-end and an adjustment of -2bps at the long-end. Yesterday, Mbonos recorded an average loss of 4bps
- USD has a negative bias against G10 currencies, with the GBP (+0.5%) being the strongest. In EM, performance is mixed, with the THB (-0.5%) leading the losses. The MXN is the top performer, appreciating 0.5% to 19.94 per dollar, extending previous gains (+0.6%)
- Positive performance in commodities. Crude-oil futures rise by 2.5%, driven by a report that Iran may be preparing to attack Israel from Iraqi territory in the coming days. Metals are up, with gold and copper rising by 0.5% and 0.6%, respectively

Corporate Debt

- S&P Global Ratings affirmed Fovissste's 'Above Average' rating as a primary servicer of residential mortgage loans, reflecting its 'Above Average' sub-ratings for management capacity and organizational structure, and for portfolio management
- HR Ratings affirmed the rating for issue EDOMEX 22X (State of Mexico's Future Flow) at 'HR AAA (E)' with Stable outlook and withdrew it. The ratification follows the Target Stress Rate equivalent to 83.9% as a result of an upgrade in the agency's estimates on the issuance's source of payment

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,763.46	-0.9%
S&P 500	5,705.45	-1.9%
Nasdaq	18,095.15	-2.8%
IPC	50,661.05	-0.4%
Ibovespa	129,713.33	-0.7%
Euro Stoxx 50	4,827.63	-1.2%
FTSE 100	8,110.10	-0.6%
CAC 40	7,350.37	-1.0%
DAX	19,077.54	-0.9%
Nikkei 225	39,081.25	-0.5%
Hang Seng	20,317.33	-0.3%
Shanghai Composite	3,279.82	0.4%
Sovereign bonds		
2-year Treasuries	4.17	-1pb
10-year Treasuries	4.28	-2pb
28-day Cetes	10.24	3pb
28-day TIIE	10.71	-1pb
2-year Mbono	10.29	2pb
10-year Mbono	10.11	6pb
Currencies		
USD/MXN	20.04	-0.6%
EUR/USD	1.09	0.3%
GBP/USD	1.29	-0.5%
DXY	103.98	0.0%
Commodities		
WTI	69.26	0.9%
Brent	73.16	0.8%
Mexican mix	63.60	0.0%
Gold	2,743.97	-1.6%
Copper	434.00	-0.3%

Source: Bloomberg

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