Economic and Financial Markets Research

Economic Research and Market Strategy

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Best Forecaster Economic Indicators for Mexico 2023

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Main drivers for the financial markets today...

- **Stock markets higher, government bond yields mixed (but with a strong rally in the US), and USD down. Important moves after some weekend surveys gave Kamala Harris a boost in preferences over Donald Trump one day before the election in said country**

- **Data releases for the rest of the trading session include September's factory orders in the US. At night, China's PMI services in October**

- **The week will be full of relevant catalysts in several regions. Nevertheless, attention will be centered on the US election tomorrow, with high uncertainty among investors about the outcome both in the presidential race and the final composition of Congress**

- **Also, on the monetary policy decision of the Fed. We expect a 25bps rate cut. Other monetary policy decisions will be held in Australia, Malaysia, Brazil, Poland, Sweden, Norway, United Kingdom, Peru, Czech Republic, and Romania. In addition, the minutes of the BoJ, BoC, and Colombia's central bank**

- **The rest of the US agenda includes trade balance, consumer credit (Sep), ISM services (Oct), and U. of Michigan consumer confidence (Nov)**

- **Going to Mexico, August's gross fixed investment and private consumption stood at -1.9% and +0.2% m/m, respectively. Releases in coming days include inflation, wage negotiations (Oct), and the banking sector survey. Moreover, President Claudia Sheinbaum will unveil the Energy Plan in Electricity on November 6**

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,766.50	0.1%
Euro Stoxx 50	4,885.57	0.2%
Nikkei 225	38,053.67	0.0%
Shanghai Composite	3,310.21	1.2%
Currencies		
USD/MXN	20.06	-1.1%
EUR/USD	1.09	0.6%
DXY	103.62	-0.6%
Commodities		
WTI	71.59	3.0%
Brent	75.19	2.9%
Gold	2,741.26	0.2%
Copper	441.35	1.0%
Sovereign bonds		
10-year Treasury	4.28	-10pb

Source: Bloomberg

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
7:00	Gross fixed investment - Aug	% y/y	-2.6	--	6.4
7:00	Gross fixed investment* - Aug	% m/m	-2.1	--	1.8
7:00	Private consumption - Aug	% y/y	1.9	--	5.2
7:00	Private consumption* - Aug	% m/m	0.0	--	0.8
United States					
10:00	Factory orders* - Sep	% m/m	--	-0.5	-0.2
10:00	Ex transportation* - Sep	% m/m	--	--	-0.1
10:00	Durable goods orders* - Sep (F)	% m/m	--	-0.8	-0.8
10:00	Ex transportation* - Sep (F)	% m/m	--	0.4	0.4
China					
20:45	Services PMI (Caixin)* - Oct	index	--	50.5	50.3
20:45	Composite PMI (Caixin)* - Oct	index	--	--	50.3

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

Equities

- **Positive movements in main stock indices as investors prepare for a week that could be characterized by high volatility in light of the US elections (November 5th), the announcement of changes in the composition of MSCI indices (November 6th), and earnings reports of 102 companies from the S&P500**

- **US futures point to a positive opening, 0.2% above their theoretical value on average. Nvidia shares gain ~2.0% after news that the company will replace Intel in the Dow Jones index after 25 years. The changes will be made next week**

- **Europe stronger, with the Eurostoxx up 0.2% driven by the healthcare and energy sectors. Meanwhile, Asia closed mixed, with the Nikkei down 2.6%**

Sovereign fixed income, currencies and commodities

- **Positive bias in sovereign bonds, with notable appreciation in USTs. The US yield curve flattens, with gains of 5-11bps led by stronger performance in the long-end amid a rebalancing of "Trump trades" which spill into other assets that are factoring recent polls and positioning adjustments ahead of the election**

- **The USD weakens, driving broad gains in G10 currencies, with JPY (+1%) and Scandinavia FX leading. MXN ranks among the strongest in EM, appreciating 1.1% to 20.06 per dollar. However, its implied volatilities keep picking up to recent highs**

- **Oil surges up to 3% after OPEC+ delayed its anticipated production increase for December. Brent climbed above 75 and WTI is approaching 72 $/bbl. Positive bias in metals, with silver up 1%, and industrials supported the USD weakness**

Corporate Debt

- **In the first week of November, we expect the auction of an unsecured bond of Corporación Actinver, ACTINVR 24-2, for MXN 600 million. In the final two months of the year, we expect dynamism with up to MXN 29 billion in the pipeline**

- **Corporación Actinver announced the prepayment of its unsecured note ACTINVR 20-2 on November 11. The bond has an outstanding amount of MXN 600 million**

- **Fitch Ratings affirmed the rating for issues CAMSCB 13U / 19U (Future Flows of Concesionaria Autopista Monterrey - Saltillo) at 'AAA(mex)vra' with a Stable outlook. The ratings reflect the risk related to the underlying assets, which are very relevant due to their strategic location and a federal concession in place until 2069**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,052.19	0.7%
S&P 500	5,728.80	0.4%
Nasdaq	18,239.92	0.8%
IPC	50,622.39	-0.1%
Ibovespa	128,120.75	-1.2%
Euro Stoxx 50	4,877.75	1.0%
FTSE 100	8,177.15	0.8%
CAC 40	7,409.11	0.8%
DAX	19,254.97	0.9%
Nikkei 225	38,053.67	-2.6%
Hang Seng	20,506.43	0.9%
Shanghai Composite	3,272.01	-0.2%
Sovereign bonds		
2-year Treasuries	4.21	4pb
10-year Treasuries	4.38	10pb
28-day Cetes	10.21	-3pb
28-day TIIE	10.72	1pb
2-year Mbono	10.32	3pb
10-year Mbono	10.23	12pb
Currencies		
USD/MXN	20.28	1.2%
EUR/USD	1.08	-0.5%
GBP/USD	1.29	0.2%
DXY	104.28	0.3%
Commodities		
WTI	69.49	0.3%
Brent	73.10	-0.1%
Mexican mix	63.60	0.0%
Gold	2,736.53	-0.3%
Copper	437.15	0.7%

Source: Bloomberg

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