Financial Markets Daily

November 8, 2024

Main drivers for the financial markets today…

- Stock markets and government bond yields to the downside and the USD with small changes. Investors are assimilating the Fed's rate decision and comments from Jerome Powell, who pointed out the strength of the US economy, while adding that the election won't have any effects on monetary policy in the near term

- China continues to implement pro-cyclical measures. The government announced a US$1.4 trillion program to allow local governments to refinance debt. The finance chief has promised additional measures for next year, while markets are showing some disappointment with this program

- According to CNN and NBC, Donald Trump has also won in Nevada, widening his lead. Susie Wiles, who was Trump's campaign manager, will be the next White House chief of staff

- The Biden administration is racing to complete the 'Chips Act' subsidies before Trump takes office. The aid delivered includes companies such as Intel and Samsung, with more than 20 businesses still in the process of obtaining the subsidies

- On the economic agenda, November's preliminary figure on consumer sentiment from the University of Michigan stands out, where we expect a slight upward adjustment. In Brazil, October's inflation was published at 4.8% y/y, marginally above consensus. Finally, we will get the same metric for China in the evening

- Household spending in Japan fell for the second month in a row. This supports the BoJ stance of taking a cautious approach to rate hikes. In Germany, pressure on Chancellor, Olaf Scholz, to bring forward the early election (to January) continues to grow. This contributes to uncertainty on possible stimulus policies in said country next year

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

LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster Economic Indicators for Mexico 2023

Document for distribution among public

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
	Wage negotiations - Oct	% y/y	--	--	8.7
Brazil					
7:00	Consumer prices - Oct	% y/y	--	0.55	0.44
7:00	Consumer prices - Oct	% m/m	--	4.74	4.42
United States					
10:00	U. of Michigan Confidence* - Nov (P)	index	71.0	71.0	70.5
China					
20:30	Consumer prices - Oct	% y/y	--	0.3	0.4

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	5,997.75	-0.1%
Euro Stoxx 50	4,817.83	-0.7%
Nikkei 225	39,500.37	0.3%
Shanghai Composite	3,452.30	-0.5%
Currencies		
USD/MXN	19.98	0.9%
EUR/USD	1.08	-0.3%
DXY	104.50	0.0%
Commodities		
WTI	71.49	-1.2%
Brent	74.90	-1.0%
Gold	2,689.40	-0.6%
Copper	432.80	-2.3%
Sovereign bonds		
10-year Treasury	4.31	-1pb

Source: Bloomberg

Equities

- **Widespread profit-taking in main stock indices, while investors continue to assimilate Trump's victory, Powell's comments and the stimulus announced in China**

- **Futures in the US anticipate a slightly negative opening, with the S&P500 trading 0.1% below its theoretical value. In corporate news, Amazon's intention to make a second multibillion-dollar investment in its OpenAI rival Anthropic stands out. In Europe, adjustments averaged 0.8%, while Asia closed mixed, highlighting the 1.1% fall of the Hang Seng and contrasting with the 0.3% rise of the Nikkei. In Mexico, the Mexbol Index may consolidate close to the psychological of 52,000pts**

- **In the final stretch of the earnings season, we have ~90% of the results of S&P500 companies and a cumulative increase in profits of 7.1% vs. 5.1%e. The positive surprises rate stands at 74.9% vs. 79.8% previously**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. The 10-year European rates decline 4bps, on average. Meanwhile, the Treasuries' yield curve gains 1bp, on average. Yesterday, Mbonos' curve printed a 10bps rally, with the 10-year benchmark closing at 9.87% (-8bps), following Treasuries. As a result, the local risk premium stood virtually unchanged at 554bps**

- **Dollar advances against most G10 currencies, except for JPY (+0.3%) and CHF (+0.1%). In EM, the bias is also negative with LatAm currencies as the weakest. BRL, CLP, and MXN depreciate 1.0% with the latter trading well close to the psychological level of 20.00 per dollar**

- **Crude-oil fell along with Asian markets and other commodities as many investors expected more stimulus to support a slowing Chinese economy that faces new risk from Trump´s reelection**

Corporate Debt

- **S&P Global Ratings assigned Cetelem a long-term rating of 'mxAAA' and a short-term rating of 'mxA-1+'. The outlook is Stable. The ratings reflect its status as a key entity for its parent company, Banco Inbursa. The agency believes that Cetelem adequately adheres to Banco Inbursa's business profile and long-term strategy**

- **PCR Verum assigned a rating of 'AA-/M' to Vinte's proposed issue, VINTE 24X. The rating is under Watch because of the tender offer with the intention of acquiring up to 100% of the shares representing the capital stock of Javer**

Previous closing levels		
	Last	Daily chg.
Equity indices		
Dow Jones	43,729.34	0.0%
S&P 500	5,973.10	0.7%
Nasdaq	19,269.46	1.5%
IPC	52,311.07	1.1%
Ibovespa	129,681.70	-0.5%
Euro Stoxx 50	4,851.96	1.1%
FTSE 100	8,140.74	-0.3%
CAC 40	7,425.60	0.8%
DAX	19,362.52	1.7%
Nikkei 225	39,381.41	-0.3%
Hang Seng	20,953.34	2.0%
Shanghai Composite	3,470.66	2.6%
Sovereign bonds		
2-year Treasuries	4.20	-6pb
10-year Treasuries	4.33	-11pb
28-day Cetes	10.09	0pb
28-day TIIE	10.70	0pb
2-year Mbono	10.10	-4pb
10-year Mbono	9.89	-8pb
Currencies		
USD/MXN	19.80	-1.4%
EUR/USD	1.08	0.7%
GBP/USD	1.30	0.8%
DXY	104.51	-0.6%
Commodities		
WTI	72.36	0.9%
Brent	75.63	0.9%
Mexican mix	67.24	1.1%
Gold	2,706.71	1.8%
Copper	443.15	4.4%

Source: Bloomberg

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Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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