

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets and USD higher, with government bond yields skewed to the downside. Renewed risk appetite -with gains extending to cryptocurrencies- on the view that the Republican party could obtain a majority in Congress, which in turn would help Trump approve his agenda
- Investors were disillusioned after China unveiled details about its latest stimulus measures, reducing the debt burden of local governments but falling short of heightened expectations about wider fiscal relief
- No economic data during the rest of the trading session. In the US, today is the Veterans' Day holiday, with bond markets closed, but the stock market opened
- Market attention this week on October's inflation in the US, including consumer and producer prices. For the former, we anticipate 0.2% m/m (consensus: 0.2%). As a result, the annual rate would stand at 2.6%
- On the other hand, we will know 3Q24 GDP in the Eurozone, UK, and Japan. Moreover, Chinese economic data (industrial production, retail sales, and gross fixed investment) for October
- Lastly, no important monetary policy decisions except for Banxico. We anticipate a 25bps interest rate cut, reaching 10.25%. Nevertheless, there will be a plethora of speeches from members of the Fed and ECB
- In Mexico, September's industrial production stood at 0.6 m/m (-0.4% y/y), while October's consumer confidence reached 49.4pts. In coming days, investors will be attentive to the presentation of Pemex's plan on November 13<sup>th</sup>, along with the 2025 Budget Proposal with a limit date on November 15<sup>th</sup>

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
	Markets closed due to Veterans Day				
Mexico					
7:00	Industrial production - Sep	% y/y	0.2	0.1	-0.9
7:00	Industrial production* - Sep	% m/m	0.7	0.4	-0.5
7:00	Manufacturing output - Sep	% y/y	-1.1	--	0.1
7:00	Consumer confidence* - Oct	index	46.9	--	47.1

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

November 11, 2024



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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.
<b>Equity indices</b>		
S&P 500 Futures	6,050.50	0.4%
Euro Stoxx 50	4,858.72	1.2%
Nikkei 225	39,533.32	0.1%
Shanghai Composite	3,470.07	0.5%
<b>Currencies</b>		
USD/MXN	20.45	1.4%
EUR/USD	1.07	-0.5%
DXY	105.52	0.5%
<b>Commodities</b>		
WTI	69.02	-1.9%
Brent	72.68	-1.6%
Gold	2,661.80	-0.9%
Copper	428.10	-0.6%
<b>Sovereign bonds</b>		
10-year Treasury	4.30	0pb

Source: Bloomberg

## Equities

- Positive bias in stock markets as investors assess the stimulus announced in China and prepare to evaluate the final stretch of the US earnings season with 11 S&P500 companies, highlighting: Walt Disney and Home Depot
- In the US, low trading volume is expected due to the Veteran's Day holiday. Nasdaq and S&P500 futures (+0.4%) up, extending last week's gains. In particular, Tesla rises ~8.0% pre-market after reaching \$1 trillion in market cap
- The Eurostoxx rebounds 1.2%, with the industrial sector driving the move, following a string of solid corporate earnings. Asia closed mixed, with the Hang Seng (-1.5%) leading losses

## Sovereign fixed income, currencies and commodities

- Low liquidity as US bond markets are closed. 10-year rates in Europe fall 2bps on average. Last week, the Mbonos curve recorded a 24bps rally. This week, we expect the 10-year Mbono (Nov'34) to trade between 9.75% and 10.05%
- USD gains against most G10 currencies, with JPY (-0.8%) as the weakest. In EM, the bias is also negative, with ZAR leading losses. The MXN is the second weakest, falling 1.4% to 20.45 per dollar
- Negative performance in commodities. Crude-oil futures drop 1.5% due to a stronger dollar and weak demand outlook in China. Metals are down, with aluminum and gold falling 1.1% and 0.9%, respectively

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	43,988.99	0.6%
S&P 500	5,995.54	0.4%
Nasdaq	19,286.78	0.1%
IPC	51,845.17	-0.9%
Ibovespa	127,829.80	-1.4%
Euro Stoxx 50	4,802.76	-1.0%
FTSE 100	8,072.39	-0.8%
CAC 40	7,338.67	-1.2%
DAX	19,215.48	-0.8%
Nikkei 225	39,500.37	0.3%
Hang Seng	20,728.19	-1.1%
Shanghai Composite	3,452.30	-0.5%
<b>Sovereign bonds</b>		
2-year Treasuries	4.25	5pb
10-year Treasuries	4.30	-2pb
28-day Cetes	10.06	-3pb
28-day TIIE	10.70	0pb
2-year Mbono	10.06	-3pb
10-year Mbono	10.01	13pb
<b>Currencies</b>		
USD/MXN	20.18	1.9%
EUR/USD	1.07	-0.8%
GBP/USD	1.29	-0.5%
DX	105.00	0.5%
<b>Commodities</b>		
WTI	70.38	-2.7%
Brent	73.87	-2.3%
Mexican mix	65.56	-2.5%
Gold	2,684.77	-0.8%
Copper	430.60	-2.8%

Source: Bloomberg

## Corporate Debt

- A MXN 400 million sustainable bond from Vinte (VINTE 24X) and a MXN 1.6 billion social bond from Banco Compartamos (COMPART 24-25) are scheduled to be auctioned this week
- Fitch Ratings affirmed Naturgy Mexico's 'AAA(mex)' rating with a Stable outlook. The ratings are based on its solid operating performance and the regulated nature of the industry in which the company operates
- HR Ratings affirmed the rating for issue ICVCB 23U (Instituto de Control Vehicular de N.L.'s Future Flow) at 'HR AAA (E)' with Stable outlook, as a result of the Target Stress Rate (TOE) determined in the review (93.0%)

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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