

## Financial Markets Daily

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

- Stock markets down, government bond yields mixed, and the USD higher, with investors awaiting Trump's cabinet appointments, as well as the inflation report tomorrow in the US
- On the monetary front, Waller, Barkin, Kashkari, and Harker will speak today. The bank lending practices survey and the New York Fed's inflation expectations will also be released. In the Eurozone, Olli Rehn signaled that the bank will likely continue easing in December. In Brazil, some highlights in the COPOM minutes included comments that the reduction in fiscal discipline could result in a higher neutral rate
- In economic data, in Germany, October's final inflation print was unchanged at 2.4%, with expectations in the ZEW survey showing a decline to 7.4pts. In the UK, September's unemployment rate increased by 30bps to 4.3%. Retail sales in Brazil advanced 0.5% m/m (2.1% y/y)
- According to various reports, Trump is expected to name Marco Rubio as his Secretary of State, with Kirsti Noem being at the helm of Homeland Security, and Mike Walts leading national security advisors. In Germany, chancellor Olaf Scholz will face a confidence vote on December 16, setting the stage for an early election in February
- Bloomberg reports that according to a survey, given Trump's victory, the Chinese government is expected to announce further stimulus measures and allow an additional depreciation of the yuan to regain competitiveness in the manufacturing sector

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Brazil</b>					
6:00	COPOM minutes				
7:00	Retail sales - Sep	% y/y	--	3.6	5.1
7:00	Retail sales* - Sep	% m/m	--	1.3	-0.3
<b>Mexico</b>					
10:00	International reserves - Nov 8	US\$bn	--	--	226.0
12:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 5-year Mbono (Mar'29), 10-year Udibono (Aug'34), and 2-, 5- and 10-year Bondes F				
<b>United States</b>					
10:00	Fed's Waller Speaks at Banking Conference				
10:15	Fed's Barkin Speaks in Baltimore				
11:00	New York Fed 1-yr inflation expectations-C	%	--	2.97	3.00
14:00	Senior Loan Officer Opinion Survey on Bank Lending Practices-				
17:00	Fed's Harker Speaks on Fintech, AI				
17:30	Fed's Barkin Repeats Speech, followed with Q&A				

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

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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	6,024.00	-0.1%
Euro Stoxx 50	4,804.35	-1.0%
Nikkei 225	39,376.09	-0.4%
Shanghai Composite	3,421.97	-1.4%
<b>Currencies</b>		
USD/MXN	20.37	0.1%
EUR/USD	1.06	-0.4%
DX	105.86	0.3%
<b>Commodities</b>		
WTI	68.54	0.7%
Brent	72.37	0.8%
Gold	2,602.01	-0.6%
Copper	415.35	-1.8%
<b>Sovereign bonds</b>		
10-year Treasury	4.36	6pb

Source: Bloomberg

## Equities

- Negative movements in the main stock markets. Caution prevails among investors as they are assessing the economic and political outlook in the US
- Futures in the US anticipate a slightly negative opening with the Nasdaq declining 0.1% below its theoretical value. In Europe, meanwhile, declines prevail and the Eurostoxx is falling 1.0%, dragged down by the healthcare sector. In particular, Bayer shares fell more than 10.6% in Germany and are at a two-decade low after adjusting its earnings outlook for this year and next. Finally, Asia closed with losses, highlighting the Hang Seng (-2.8%) due to the caution derived from the prospects of greater US protectionism with China
- Of 6 S&P500 companies releasing results today, 2 have already done so. Home Depot (+1.2%) raised its sales forecast for 2024

## Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. In Europe, 10-year rates decrease 2bps, on average. Meanwhile, the Treasuries' curve records losses of up to 7bps at the belly. Yesterday, the Mbonos' curve averaged an adjustment of +4bps. The 10-year benchmark closed at 10.04% (+5bps)
- Dollar advances against all G10 currencies, with AUD (-0.5%) as the weakest. In EM, the bias is negative. The Mexican peso trades with a 0.1% depreciation at 20.37 per dollar, scoring three negative days in a row
- The energy sector advances with modest gains in crude-oil futures. The OPEC cut its oil demand growth forecasts for this year and next for a fourth consecutive month as it belatedly recognized a slowdown in top consumer China. Widespread losses in metals with copper falling 2.2%

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	44,293.13	0.7%
S&P 500	6,001.35	0.1%
Nasdaq	19,298.76	0.1%
IPC	51,449.43	-0.8%
Ibovespa	127,873.70	0.0%
Euro Stoxx 50	4,854.03	1.1%
FTSE 100	8,125.19	0.7%
CAC 40	7,426.88	1.2%
DAX	19,448.60	1.2%
Nikkei 225	39,533.32	0.1%
Hang Seng	20,426.93	-1.5%
Shanghai Composite	3,470.07	0.5%
<b>Sovereign bonds</b>		
2-year Treasuries	4.25	0pb
10-year Treasuries	4.30	0pb
28-day Cetes	10.17	11pb
28-day TIIE	10.70	0pb
2-year Mbono	10.07	1pb
10-year Mbono	10.01	0pb
<b>Currencies</b>		
USD/MXN	20.34	0.8%
EUR/USD	1.07	-0.6%
GBP/USD	1.29	-0.4%
DX	105.54	0.5%
<b>Commodities</b>		
WTI	68.04	-3.3%
Brent	71.83	-2.8%
Mexican mix	63.52	-3.1%
Gold	2,618.82	-2.5%
Copper	422.85	-1.8%

Source: Bloomberg

## Corporate Debt

- HR Ratings affirmed Vinte's rating at 'HR AA-', modifying the Credit Watch status to Stable outlook, due to the estimated boost in revenue and EBITDA generation from the acquisition of Javier, which is expected to be completed during 4Q24
- HR Ratings affirmed the rating of issue CASC22U at 'HR AAA (E)' with a Stable outlook based on the metrics reported. The source of payment of the Issue is the toll collection rights of the Arriaga-Ocozocoautla and Tuxtla Gutiérrez-San Cristóbal de las Casas highways, located in the state of Chiapas

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