

## Financial Markets Daily

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

- Stock markets positive, government bond yields mixed, while the dollar trades lower on relief over Trump's choice of Scott Bessent as next Treasury Secretary who supports a gradual approach to implementing trade restrictions
- The agenda for the rest of today's session includes only Mexico's 3Q24 current account. Earlier, Germany's IFO confidence for November stood at 85.7pts from 86.5pts in the previous month
- Market attention this week on additional information from central banks with the minutes of the Fed and Banxico. In the former, investors will contrast the debate with the recent comments that suggest a more gradual easing cycle. In the latter, most Board members have suggested that they could continue reducing the interest rate in coming months. In this context, we will also focus on the institution's 3Q24 Quarterly Report and Q&A session
- Other monetary policy decisions include Israel, New Zealand, and South Korea. Moreover, speeches from members of the ECB
- Going to the events, G-7 foreign ministers will meet. Moreover, the European Parliament will vote to confirm the members of the European Commission. US markets will be closed on Thursday due to Thanksgiving
- The rest of the US agenda includes the second estimate of 3Q24 GDP, housing prices (Sep), personal income & spending, price deflators, trade balance, new home sales, durable goods orders (Oct), and consumer confidence (Nov)
- In other regions we highlight consumer prices and confidence (Nov) in the Eurozone; PMIs (Nov) in China; and the unemployment rate and inflation (Nov) in Brazil
- Apart from what we have already commented, Mexico's agenda includes trade balance, banking credit, and the public finance report (Oct)

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Germany</b>					
4:00	IFO Survey (business climate)* - Nov	index	--	86.0	86.5
<b>Mexico</b>					
10:00	Current account - 3Q24	US\$bn	1.2	-1.5	3.6

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	6,016.75	0.5%
Euro Stoxx 50	4,807.10	0.4%
Nikkei 225	38,780.14	1.3%
Shanghai Composite	3,263.76	-0.1%
<b>Currencies</b>		
USD/MXN	20.30	-0.7%
EUR/USD	1.05	0.9%
DXY	106.85	-0.7%
<b>Commodities</b>		
WTI	71.01	-0.3%
Brent	75.01	-0.2%
Gold	2,684.41	-1.2%
Copper	410.90	0.6%
<b>Sovereign bonds</b>		
10-year Treasury	4.32	-8pb

Source: Bloomberg

## Equities

- Positive movements in major equity indices, reacting to President-elect Trump's cabinet picks. However, volatility could increase as rebalances in the MSCI indices sample become effective at market's close
- In a short week for the US, due to the Thanksgiving holiday (Thursday), stock market futures are pointing to a positive opening, with the Nasdaq rising 0.6% above its theoretical value. In Europe, the Eurostoxx advanced 0.2%, driven by the consumer discretionary and technology sectors. Asia closed mixed, with the Nikkei up 1.3%
- In Mexico, we expect a weekly trading range for the Mexbol between 49,500 and 51,400. In addition, Orbia and BanBajío are expected to leave the MSCI sample

## Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. Ten-year yields in Europe declined by an average of 2bps. Meanwhile, the US Treasury curve displayed a flattening bias, with 2bps gains at the short-end and an adjustment of -4bps at the long-end. Last week, Mbonos posted average gains of 2bps
- The dollar weakened against most G10 currencies, with EUR (+0.6%) leading gains. In EM, the bias was similarly positive, with emerging Europe currencies topping the gains. The MXN appreciated 0.4% to 20.35 per dollar, halting a three-session losing streak
- Mixed performance across commodities. Crude-oil futures edged lower following comments by US Treasury Secretary nominee Scott Bessent, who signaled plans to promote increased US crude production. Industrial metals rise, while precious metals fall

## Corporate Debt

- This week we expect the auction of two long-term issues by FEFA and Concesionaria Autopista Monterrey-Salttillo for MXN 10.0 billion. Bladex is also scheduled to offer a MXN 2.0 billion banking bond
- Fitch Ratings affirmed FEMSA's global scale ratings at 'A' with Negative outlook and its local scale ratings at 'AAA(mex)' with Stable outlook. The ratings reflect the projection that FEMSA will maintain strong operating performance and cash flow generation to support its retail operations in Latin America and Europe

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	44,296.51	1.0%
S&P 500	5,969.34	0.3%
Nasdaq	19,003.65	0.2%
IPC	50,430.02	0.5%
Ibovespa	129,125.51	1.7%
Euro Stoxx 50	4,789.08	0.7%
FTSE 100	8,262.08	1.4%
CAC 40	7,255.01	0.6%
DAX	19,322.59	0.9%
Nikkei 225	38,283.85	0.7%
Hang Seng	19,229.97	-1.9%
Shanghai Composite	3,267.19	-3.1%
<b>Sovereign bonds</b>		
2-year Treasuries	4.37	2pb
10-year Treasuries	4.40	-2pb
28-day Cetes	9.99	-4pb
28-day TIIE	10.50	0pb
2-year Mbono	9.92	1pb
10-year Mbono	10.02	6pb
<b>Currencies</b>		
USD/MXN	20.44	0.1%
EUR/USD	1.04	-0.5%
GBP/USD	1.25	-0.5%
DX	107.55	0.5%
<b>Commodities</b>		
WTI	71.24	1.6%
Brent	75.17	1.3%
Mexican mix	67.03	1.7%
Gold	2,716.19	1.7%
Copper	413.30	-0.7%

Source: Bloomberg

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