

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed, government bond yields biased lower except for the US, and USD higher. Cautiousness as the far-right coalition in France threatened to topple the government of Prime Minister Michel Barnier due to disagreements about next year's budget
- On the other hand, the USD picks up after Donald Trump criticized the BRICS on their aim to create an alternative reserve currency to the dollar, threatening to impose tariffs to these countries
- The rest of today's session includes November's ISM manufacturing in the US and speeches from Fed members. In Mexico, remittances (Oct), PMI indicators from IMEF (nov), and Banxico's survey
- Market attention this week on US nonfarm payrolls in November. We expect 170 thousand (consensus: 200k), with the unemployment rate at 4.1%. It must be recalled that October's figures were distorted by one-off effects. Hence, the result will help in the assessment of the labor market's slowdown. We will also be watching the full agenda of Fed speakers, including an intervention from Chair Powell
- Few monetary policy decisions in coming days, among them Poland and India. Moreover, the Fed will release the Beige Book and Lagarde will appear before European Parliament committees
- The rest of the US agenda includes job openings, factory orders, trade balance, consumer credit (Oct), vehicle sales, ADP, ISM services (Nov), and U. of Michigan consumer confidence (Dec)
- In Mexico, gross fixed investment, private consumption (Sep), unemployment rate (Oct), and the banking sector survey

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Unemployment rate* - Oct	%	--	6.3	6.3
Mexico					
10:00	Family remittances - Oct	US\$bn	5,893.7	5,770.5	5,358.7
10:00	Survey of expectations (Banxico)				
13:00	Manufacturing PMI (IMEF)* - Nov	index	47.9	--	47.1
13:00	Non-manufacturing PMI (IMEF)* - Nov	index	50.1	--	49.2
United States					
9:45	Manufacturing PMI* - Nov (F)	index	48.8	48.8	48.1
10:00	ISM manufacturing* - Nov	index	47.2	47.6	46.5
15:15	Fed's Waller Gives Keynote at Fed Framework Conference				
16:30	Fed's Williams Gives Keynote Remarks				

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	6,048.00	-0.1%
Euro Stoxx 50	4,835.99	0.7%
Nikkei 225	38,513.02	0.8%
Shanghai Composite	3,363.98	1.1%
Currencies		
USD/MXN	20.51	0.7%
EUR/USD	1.05	-0.5%
DXY	106.19	0.4%
Commodities		
WTI	68.81	1.2%
Brent	72.77	-0.2%
Gold	2,642.63	0.0%
Copper	407.95	0.0%
Sovereign bonds		
10-year Treasury	4.20	3pb

Source: Bloomberg

Equities

- December begins with mixed movements in main stock markets. The previous month saw an average decline of 0.5% in USD in the sample of 30 indices we regularly follow
- US futures fall 0.1% on average, a pause in the rally seen in November, which was the strongest month of the year for the S&P500 (+5.7%) and the Dow Jones (+7.5%). The Eurostoxx advances 0.7%. However, within the index, Stellantis NV falls 9.8%, after the company's CEO, Carlos Tavares, resigned from his position. Asia closed higher, with the Nikkei up 0.8% and the Hang Seng 0.7% stronger
- In Mexico, the Mexbol ended November with a 1.6% decline. We expect a weekly trading range between 49,000 and 50,500pts

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds. Ten-year rates in Europe fall by 3bps on average. Meanwhile, the US Treasury curve loses 1 to 4bps, with a larger adjustment at the belly. Last week, Mbonos recorded a steepening bias with average gains of 8bps
- USD positive against all G10 currencies, with SEK (-0.6%) being the weakest. In EM, the bias is also negative, with HUF (-1.0%) and BRL (-0.8%) leading lower. The MXN depreciates by 0.7% to 20.51 per dollar, ending three consecutive sessions of gains
- Mixed performance across commodities. Crude-oil futures rise by 1.2%, driven by signs of a potential recovery in China after positive PMI data. Metals down, with copper and silver falling by 0.2% and 0.6%, respectively

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,910.65	0.4%
S&P 500	6,032.38	0.6%
Nasdaq	19,218.17	0.8%
IPC	49,812.64	-0.3%
Ibovespa	125,667.83	0.8%
Euro Stoxx 50	4,804.40	1.0%
FTSE 100	8,287.30	0.1%
CAC 40	7,235.11	0.8%
DAX	19,626.45	1.0%
Nikkei 225	38,208.03	-0.4%
Hang Seng	19,423.61	0.3%
Shanghai Composite	3,326.46	0.9%
Sovereign bonds		
2-year Treasuries	4.15	-8pb
10-year Treasuries	4.17	-9pb
28-day Cetes	10.06	-14pb
28-day TIIE	10.48	0pb
2-year Mbono	9.95	0pb
10-year Mbono	10.06	0pb
Currencies		
USD/MXN	20.38	-0.3%
EUR/USD	1.06	0.2%
GBP/USD	1.27	0.4%
DX	105.74	-0.3%
Commodities		
WTI	68.00	-1.0%
Brent	72.94	-0.5%
Mexican mix	64.31	0.0%
Gold	2,643.15	0.2%
Copper	414.00	0.0%

Source: Bloomberg

Corporate Debt

- This week we expect the auction of one structured bond by Autovía Necaxa - Tihuatlán, with a target amount of MXN 13 billion and 32-year term. The assigned ratings were 'AAA(mex)' from Fitch Ratings and 'HR AAA (E)' from HR Ratings
- In the banking market, we expect the auction of three long-term issues by Banobras, BANO 24-2 / 24-3 / 24U, with a target amount of MXN 10 billion up to MXN 13 billion

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