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Economic Research and Market Strategy

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

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Main drivers for the financial markets today…

- **Stock markets with a negative bias –but with S&P500 futures to the upside–, government bond yields slightly positive, and the USD appreciating at the margin. Investors remain on hold ahead of the US inflation report tomorrow given its implications for the Fed's decision next week –with the market assigning an 86% probability of a 25bps cut–**

- **In Germany, the final figure for November's inflation was unchanged relative to the preliminary figure at 2.4% y/y. In Brazil, the same metric was practically in line with expectations at 4.87% y/y. In China, the trade balance for the eleventh month of the year showed a larger surplus, with export growth moderating but imports falling more sharply. In Mexico, INEGI released consumer confidence for the same month at 47.7pts. This represents a drop of 1.8pts vs. October**

- **On the monetary front, the Reserve Bank of Australia maintained its reference rate at 4.35% –a 13-year high– due to prevailing upward rigidities in inflation**

- **In Brazil, President Lula da Silva is in an intensive care unit after undergoing surgery. However, hospital officials say he is doing well and is being monitored**

- **Israel accelerated its strikes in Syria, with criticism coming from Egypt and Saudi Arabia accusing them of trying to sabotage the security and stability of that country. The US has also carried out strikes on ISIS positions in the country**

- **China opened an investigation against Nvidia on suspicion of monopolistic practices in the country. In addition, several reports indicate that the Asian nation has stopped the shipment of key inputs for the manufacture of drones to the US and the EU**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Consumer prices - Nov (F)	% y/y	--	2.2	2.2
Brazil					
7:00	Consumer prices - Nov	% m/m	--	0.38	0.56
7:00	Consumer prices - Nov	% y/y	--	4.85	4.76
Mexico					
7:00	Consumer confidence* - Nov	index	48.2	48.0	49.4
10:00	International reserves - Dec 6	US$bn	--	--	228.4
	Wage negotiations - Nov	% y/y	--	--	7.3

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	6,070.50	0.1%
Euro Stoxx 50	4,974.36	-0.2%
Nikkei 225	39,367.58	0.5%
Shanghai Composite	3,422.66	0.6%
Currencies		
USD/MXN	20.20	-0.2%
EUR/USD	1.05	-0.2%
DXY	106.42	0.3%
Commodities		
WTI	68.00	-0.5%
Brent	71.77	-0.5%
Gold	2,675.19	0.6%
Copper	419.65	-0.6%
Sovereign bonds		
10-year Treasury	4.23	3pb

Source: Bloomberg

Equities

- **Mixed equity markets with a negative bias, erasing part of the optimism generated by greater stimulus promises in China. In this sense, in the US, futures of the main indexes point to a sideways opening**

- **Europe trades mostly lower with the Eurostoxx retreating 0.2%, ending a streak of eight consecutive days of gains. Mining and luxury goods stocks put pressure on the benchmark. Meanwhile, Asia closed mixed, with increases in China's indices standing out, although they gave up part of their gains towards the end of the session**

- **In corporate news, Oracle falls 6.9% pre-market after posting quarterly results that came in slightly below expectations. In addition, earnings guidance disappointed**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. In Europe, 10-year rates rise 2bps, on average. Meanwhile, the Treasuries' curve steepens due to larger losses at the long-end of 4bps. Yesterday, short- and mid-term Mbonos rallied 10bps, while longer securities printed modest gains. The 10-year benchmark closed at 9.99% (-5bps)**

- **Dollar advances against most all G10 currencies, with NZD (-0.7%) as the weakest. In EM, the bias is negative but BRL (+0.6%) and MXN (+0.2%) overperformed. The latter trades at 20.20 per dollar, partially offsetting yesterday's depreciation (-0.3%)**

- **Crude-oil decline as persistent concerns of a looming supply glut overshadowed the outlook for bolder Chinese stimulus next year. In metals, precious advance but industrials print losses**

Corporate Debt

- **Today, the auction of three sustainable bonds of Comisión Federal de Electricidad (CFE), CFE 23-2X / 23-3X/ 24UX, will take place for a target amount of MXN 6.0 billion (max. MXN 10.0 billion). The bonds have the highest credit rating in national scale by S&P Global Ratings, Moody's Local, and Fitch Ratings**

- **HR ratings upgraded Sofoplus long-term rating to 'HR AA-' from 'HR A+' changing the outlook to Stable from Positive. The upgrade follows the company's adequate financial performance over the last 12 months**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,401.93	-0.5%
S&P 500	6,052.85	-0.6%
Nasdaq	19,736.69	-0.6%
IPC	52,190.68	1.6%
Ibovespa	127,210.19	1.0%
Euro Stoxx 50	4,985.46	0.2%
FTSE 100	8,352.08	0.5%
CAC 40	7,480.14	0.7%
DAX	20,345.96	-0.2%
Nikkei 225	39,160.50	0.2%
Hang Seng	20,414.09	2.8%
Shanghai Composite	3,402.53	0.0%
Sovereign bonds		
2-year Treasuries	4.12	2pb
10-year Treasuries	4.20	5pb
28-day Cetes	9.95	6pb
28-day TIIE	10.44	0pb
2-year Mbono	9.53	-7pb
10-year Mbono	10.03	-6pb
Currencies		
USD/MXN	20.24	0.3%
EUR/USD	1.06	-0.1%
GBP/USD	1.28	0.0%
DXY	106.15	0.1%
Commodities		
WTI	68.37	1.7%
Brent	72.14	1.4%
Mexican mix	63.81	1.5%
Gold	2,660.30	1.0%
Copper	427.55	1.9%

Source: Bloomberg

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