BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets and government bond yields mixed, S&P500 futures with small changes, with investors cautious awaiting key US inflation data, the final major prices reading which will help to define the Fed's rate cut on next policy meeting December 18th**

- **USD is up as Chinese leaders may consider a weaker yuan as they brace for higher tariffs and a possible trade war with US under next Trump's administration**

- **In the US, November inflation will be published. For both the headline and core we estimate +0.3% m/m, with the annual variation at 2.7% and 3.3%, respectively. Markets assign an 88% probability for a 25bp cut next week**

- **In monetary policy decisions, Bank of Canada is expected to cut the reference rate by 50bp to 3.25% from 3.75%; while in Brazil, a 75bp increase in the Selic rate is anticipated to 12.00% from 11.25%. This in a context of high inflation expectations and a depreciation of the real. On the other hand, the Senate in Brazil approved the three nominees by Lula to form part of the central bank's Board**

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Winners of the award as the best economic forecasters in Mexico by LSEG in 2023

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

Document for distribution among public

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Consumer prices* - Nov	% m/m	0.3	0.3	0.2
8:30	Ex. food & energy* - Nov	% m/m	0.3	0.3	0.3
8:30	Consumer prices - Nov	% y/y	2.7	2.7	2.6
8:30	Ex. food & energy - Nov	% y/y	3.3	3.3	3.3
Brazil					
16:30	Monetary policy decision (C. bank of Brazil)	%	12.00	12.00	11.25

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	6,051.50	0.1%
Euro Stoxx 50	4,951.25	0.0%
Nikkei 225	39,372.23	0.0%
Shanghai Composite	3,432.49	0.3%
Currencies		
USD/MXN	20.23	0.3%
EUR/USD	1.05	-0.2%
DXY	106.67	0.3%
Commodities		
WTI	69.29	1.0%
Brent	72.88	1.0%
Gold	2,696.90	0.1%
Copper	420.50	-0.4%
Sovereign bonds		
10-year Treasury	4.24	1pb

Source: Bloomberg

Equities

- **Main stock indices show mixed movements, although of moderate magnitude, awaiting inflation figures to be published in the US. Futures show little changes, with the S&P500 trading 0.1% above its theoretical value**

- **In Europe we see mixed returns, with the Eurostoxx rising only marginally. In Asia, the Hang Seng fell 0.8%, while the Shanghai index closed up 0.3% and the Nikkei remained practically unchanged**

- **Walgreens shares are down ~4% after yesterday's 28% rise as analysts question the likelihood of Sycamore Partners acquiring the pharmaceutical chain. Gamestop rises after posting surprising earnings. Macy's cut its expectations after concluding an investigation where employees hid millions of dollars in expenses**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. The 10-year European rates rise 2bps, on average. Meanwhile, the Treasuries' yield curve record 2bps losses. Yesterday, Mbonos' curve rallied 3bps, with the 10-year benchmark closing at 9.97% (-3bps).**

- **Dollar advances against all G10 currencies, with JPY (-0.5%) as the weakest. In EM, the bias is negative. The Mexican peso trades at 20.21 per dollar (+0.2%), partially offsetting yesterday's gains (+0.4%)**

- **Crude-oil futures rebound ahead of US inflation data and a monthly report from OPEC that will provide a snapshot on the energy market. Mixed balance in metals, with modest gains in gold but industrials falling**

Corporate Debt

- **S&P Global Rating upgraded PLANRIO 05-2U (Libramiento Plan del Río's FF) rating to 'mxA' from 'mxBBB+' with Stable outlook. The upgrade follows a solid performance of Libramiento Plan del Río expected by the agency, driven by the comercial activity in Veracruz Harbour**

- **HR Ratings affirmed Banco Inbursa ratings at 'HR AAA' and 'HR +1' with Stable outlook due to the bank's solid liquidity and solvency levels, as well as increases in their operations given higher levels of loans placed**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,247.83	-0.3%
S&P 500	6,034.91	-0.3%
Nasdaq	19,687.24	-0.3%
IPC	51,377.29	-1.6%
Ibovespa	128,228.49	0.8%
Euro Stoxx 50	4,951.74	-0.7%
FTSE 100	8,280.36	-0.9%
CAC 40	7,394.78	-1.1%
DAX	20,329.16	-0.1%
Nikkei 225	39,367.58	0.5%
Hang Seng	20,311.28	-0.5%
Shanghai Composite	3,422.66	0.6%
Sovereign bonds		
2-year Treasuries	4.14	2pb
10-year Treasuries	4.23	3pb
28-day Cetes	9.92	-3pb
28-day TIIE	10.44	0pb
2-year Mbono	9.53	0pb
10-year Mbono	10.00	-3pb
Currencies		
USD/MXN	20.17	-0.4%
EUR/USD	1.05	-0.3%
GBP/USD	1.28	0.2%
DXY	106.40	0.2%
Commodities		
WTI	68.59	0.3%
Brent	72.19	0.1%
Mexican mix	63.88	0.1%
Gold	2,694.25	1.3%
Copper	427.20	-0.1%

Source: Bloomberg

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Ana Laura Zaragoza Félix, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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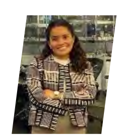

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