

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed, with government bond yields and the USD up. The tech sector drives risk appetite in Europe and the Americas, with investors also digesting data supporting a cut from the Fed next week. Pessimism prevails in Asia in the absence of concrete stimulus measures in China
- Regarding economic data, October's activity figures in the UK surprised to the downside, raising the possibility that GDP will contract in 4Q24. Meanwhile, in the Eurozone, industrial production posted null growth (0.0% m/m) in the same month. In Brazil, economic activity in the tenth month of the year showed an expansion of 0.1% m/m, surprising higher
- On the monetary front, Francois Villeroy (Bank of France Governor) noted that market expectations of a cumulative 100bps cut by the ECB are "reasonable", this after a 25bps cut in yesterday's meeting
- According to a report from the Wall Street Journal, Trump and his transition team are exploring ways to reduce or eliminate regulatory figures for the banking sector. Although Xi Jinping was invited to Trump's inauguration, the Asian leader is not expected to attend the ceremony. However, a participation of a delegation from his country is anticipated
- In other news, the Bundesbank cut its growth estimates for the country, anticipating a 0.2% drop in GDP in 2024 and an expansion of only 0.2% for 2025, in the face of both circumstantial and structural problems. In South Korea, a vote to impeach President Yoon Suk Yeol is expected to take place tomorrow. According to several reports, the opposition is expected to have enough support from the ruling party to pass the motion

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
2:00	Industrial production* - Oct	% m/m	--	0.3	-0.5
Eurozone					
5:00	Industrial production* - Oct	% m/m	--	-0.1	-2.0
Brazil					
7:00	Economic activity - Oct	% y/y	--	6.3	5.1
7:00	Economic activity* - Oct	% m/m	--	-0.2	0.8

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.
Equity indices		
S&P 500 Futures	6,081.50	0.3%
Euro Stoxx 50	4,980.21	0.3%
Nikkei 225	39,470.44	-1.0%
Shanghai Composite	3,391.88	-2.0%
Currencies		
USD/MXN	20.21	0.0%
EUR/USD	1.05	0.2%
DXY	106.94	0.0%
Commodities		
WTI	70.66	0.9%
Brent	74.03	0.8%
Gold	2,670.11	-0.4%
Copper	423.30	-0.3%
Sovereign bonds		
10-year Treasury	4.35	2pb

Source: Bloomberg

Equities

- The main indices are set to end the week with mixed performances, although the advances of US technology companies stand out as growth prospects are positive. In Mexico, trading resumes after yesterday's holiday
- In the US, futures anticipate a positive opening with the Nasdaq rising 0.7% above its theoretical value, supported by gains in semiconductor companies. In particular, Broadcom is up more than 15.2% in pre-market after predicting that sales of AI products will increase 65% y/y in the fiscal first quarter
- Europe trades with a positive bias, supported by gains in financials. Asia closed with losses, highlighted by declines in the Hang Seng by 2.1% and Shanghai by 2.0%

Sovereign fixed income, currencies and commodities

- Global yields are under pressure, with Europe printing a 3bps sell-off and observing stable France spreads vs peers following the appointment of the new prime minister. US Treasuries hold the week's bearish bias, pressured by 1-2bps after a sharp steepening bias during the week. The short end gains 10bps w/w, while long durations sell-off up to +22bps w/w
- G10 currencies are mixed, with JPY (-0.7%) leading losses in the group, marking its worst week in over two months as expectations shift towards a BoJ decision holding pat next week. In EMFX, a mixed tone also prevails, with MXN trading at 20.21 (unchanged)
- Oil advances 1%, heading toward a 5% weekly gain as higher geopolitical risk premiums weigh. Precious metals negative, with gold and silver down ~0.5%, though both hold a positive weekly balance

Corporate Debt

- Fibra Mty informed they completed the acquisition of a portion of "Batach" industrial portfolio located in Monterrey. The agreed price was US\$192.4 million and the net operating income is expected to generate US\$14.1 million during the next twelve months after its integration to Fibra Mty's existing portfolio
- S&P Global Ratings and Moody's Local Mexico assigned ratings at 'mxAAA' and 'AAA.mx' respectively, to the issue BANO 24-4 of Banobras. The ratings reflect Banobras strong capitalization and solid asset quality

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	43,914.12	-0.5%
S&P 500	6,051.25	-0.5%
Nasdaq	19,902.84	-0.7%
IPC	51,284.21	0.0%
Ibovespa	126,042.21	-2.7%
Euro Stoxx 50	4,965.53	0.1%
FTSE 100	8,311.76	0.1%
CAC 40	7,420.94	0.0%
DAX	20,426.27	0.1%
Nikkei 225	39,849.14	1.2%
Hang Seng	20,397.05	1.2%
Shanghai Composite	3,461.50	0.8%
Sovereign bonds		
2-year Treasuries	4.19	4pb
10-year Treasuries	4.33	6pb
28-day Cetes	10.00	0pb
28-day TIIE	10.43	0pb
2-year Mbono	9.49	0pb
10-year Mbono	10.02	0pb
Currencies		
USD/MXN	20.22	0.4%
EUR/USD	1.05	-0.3%
GBP/USD	1.27	-0.6%
DX	106.96	0.2%
Commodities		
WTI	70.02	-0.4%
Brent	73.41	-0.1%
Mexican mix	65.21	0.0%
Gold	2,680.73	-1.4%
Copper	424.45	-0.4%

Source: Bloomberg

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