

## Financial Markets Daily

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

- **Stock markets higher, government bond yields pressured, and the USD mixed, with an improvement in risk appetite ahead of the Fed's decision today**
- **Attention on the day centered on the Fed's decision, expecting a 25bps cut. Outside of the move, we will be watching closely Jerome Powell's conference –especially for clues on future actions– as well as the updates on macro forecasts and the dot-plot**
- **Remaining figures to be released in the US include real estate data. Meanwhile, in the Eurozone, the final print for November's inflation was revised marginally lower to 2.2% y/y, with the core at 2.7%. In the UK, inflation in November accelerated to 2.6% y/y, with the core at 3.5%. This adjustment has strongly reduced expectations that the BoE could cut the reference rate in its decision tomorrow**
- **In Mexico, 3Q24's aggregate supply and demand was released, up 1.2% q/q (2.3% y/y). We highlight growth in consumption (1.1% q/q) and investment (1.1%), with imports (1.4%) and exports (5.1%) also strong. Later we expect the private sector's expectations survey**
- **In Brazil, the Lower House approved the first part of the Executive branch's plan to cut spending, although this is still seen as too little by markets**

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone and UK</b>					
2:00	UK Consumer prices - Nov	% y/y	--	2.6	2.3
2:00	Core - Nov	% y/y	--	3.6	3.3
5:00	EZ Consumer prices - Nov (F)	% y/y	--	2.3	2.3
5:00	Core - Nov (F)	% y/y	--	2.7	2.7
<b>Mexico</b>					
7:00	Aggregate supply and demand - 3Q24	% y/y	2.3	2.3	2.1
15:30	Citibanamex Survey of Economists				
<b>United States</b>					
8:30	Housing starts** - Nov	thousands	--	1,345	1,311
8:30	Building permits** - Nov	thousands	--	1,430	1,416
14:00	FOMC Rate Decision (Upper Bound)	%	4.50	4.50	4.75
14:00	FOMC Rate Decision (Lower Bound)	%	4.25	4.25	4.50
14:00	Interest Rate on Excess Reserves (IOER)	%	4.40	4.40	4.65
<b>Japan</b>					
	Monetary policy decision (BoJ)	%	--	0.25	0.25

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	6,144.50	0.3%
Euro Stoxx 50	4,961.56	0.4%
Nikkei 225	39,081.71	-0.7%
Shanghai Composite	3,382.21	0.6%
<b>Currencies</b>		
USD/MXN	20.14	-0.2%
EUR/USD	1.05	0.1%
DX	106.94	0.0%
<b>Commodities</b>		
WTI	70.69	0.9%
Brent	73.72	0.7%
Gold	2,647.20	0.0%
Copper	415.65	0.2%
<b>Sovereign bonds</b>		
10-year Treasury	4.41	1pb

Source: Bloomberg

## Equities

- Major equity indices take a breather and advance slightly, as investors await the Fed's final decision for 2024 and prepare to assess the monetary outlook for the following year
- US futures are pointing to a positive open, with the S&P500 trading 0.3% higher. In Europe, the Eurostoxx is up 0.4%, breaking the negative streak of the last two sessions. Industrial and technology stocks are driving the benchmark. Asia closed mixed, with the Hang Seng rebounding 0.8%
- In corporate news, Nissan shares rose ~24% after it was revealed that the company is exploring the possibility of merging with Honda. With this, it could become the world's third largest automaker

## Sovereign fixed income, currencies and commodities

- Modest upward pressures on sovereign bond yields persist, partly driven by reduced expectations of BoE rate cuts. 10-year benchmarks in Europe widen by 2bps, while the US curve adjusts upward by an average of 1bp. In the latter, the market is fully pricing in a 25bps rate cut by the Fed today
- The USD advances slightly on index levels, reflecting losses across most G10 currencies, albeit within relatively tight ranges. In EM, the bias is marginally more positive, with HUF and BRL (-0.3%) leading the declines. The MXN appreciates 0.2% to 20.14 per dollar
- Oil rises by just under 1% on expectations of a sharp drawdown in US commercial inventories to be reported today, helping to halt the losses from the past two days. Metals maintain a negative bias

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	43,449.90	-0.6%
S&P 500	6,050.61	-0.4%
Nasdaq	20,109.06	-0.3%
IPC	50,421.61	-0.8%
Ibovespa	124,698.04	0.9%
Euro Stoxx 50	4,942.58	-0.1%
FTSE 100	8,195.20	-0.8%
CAC 40	7,365.70	0.1%
DAX	20,246.37	-0.3%
Nikkei 225	39,364.68	-0.2%
Hang Seng	19,700.48	-0.5%
Shanghai Composite	3,361.49	-0.7%
<b>Sovereign bonds</b>		
2-year Treasuries	4.24	0pb
10-year Treasuries	4.40	0pb
28-day Cetes	9.80	-15pb
28-day TIIE	10.42	-1pb
2-year Mbono	9.60	-3pb
10-year Mbono	10.17	1pb
<b>Currencies</b>		
USD/MXN	20.18	0.2%
EUR/USD	1.05	-0.2%
GBP/USD	1.27	0.2%
DX	106.96	0.1%
<b>Commodities</b>		
WTI	70.08	-0.9%
Brent	73.19	-1.0%
Mexican mix	65.11	-1.0%
Gold	2,646.83	-0.2%
Copper	414.65	-1.1%

Source: Bloomberg

## Corporate Debt

- Moody's Local Mexico affirmed Grupo Elektra's rating at 'AA-mx' and changed the outlook to Negative from Stable. The Negative outlook reflects the potential impact on the company's liquidity derived from the possible delisting of its shares
- HR Ratings upgraded Fibra MTY's local scale rating to 'HR AAA' from 'HR AA+' and its global scale rating to 'HR BBB+ (G)' from 'HR BBB (G)'. The upgrade is based on the elimination of a negative qualitative adjustment associated with the Trust's expansion strategy, which has been partly supported by capital injections, which have contributed to the increase of its Gross Leasable Area by more than 100% by 2023

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