

## Financial Markets Daily

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

- **Stock markets positive, government bond yields negative and the USD lower, with investors assimilating lower inflation in the Eurozone which may support the ECB to stay on hold, and digesting price data in US, contributing to the favorable sentiment at the moment**
- **In the US, due to the high probability of a federal government shutdown, House Republicans proposed a bill to temporarily finance the government (a month, approximately), although there are doubts about whether it can be approved by the said legislative body**
- **In economic figures, in the US, August's data on income and spending was mixed, highlighting that the PCE deflator –the Fed's preferred inflation measure– was in line with expectations at 3.5% y/y, with the core at 3.9%. In the Eurozone, September's inflation moderated to 4.3% y/y, its lowest level in two years. Later, we will look on China's PMIs for September, expecting that the accommodative measures will result in an improvement for both metrics. Finally, in Mexico banking credit and public finances figures for August will be published**
- **On the monetary front, the BoJ intervened in the bond market again, aiming to slow the 10-year benchmark yields progress. In the US we are looking forward to comments from Williams (New York) who will speak about monetary policy**

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>United States</b>					
8:30	Trade balance* - Aug	US\$bn	--	-91.2	-90.9
8:30	Personal income* - Aug	% m/m	--	0.4	0.2
8:30	Personal spending* - Aug	% m/m	--	0.4	0.8
8:30	Real personal spending* - Aug	% m/m	0.2	0.0	0.6
8:30	PCE Deflator* - Aug	% m/m	0.4	0.5	0.2
8:30	Core* - Aug	% m/m	0.2	0.2	0.2
8:30	PCE Deflator - Aug	% y/y	3.4	3.5	3.3
8:30	Core - Aug	% y/y	3.9	3.9	4.2
10:00	U. of Michigan confidence* - Sep (F)	index	67.7	67.7	67.7
12:45	Fed's Williams to Speak on Monetary Policy				
<b>Mexico</b>					
11:00	Banking credit - Aug	% y/y	5.6	--	5.7
16:30	Public finances (PSBR, year-to-date) - Aug	MXNm	--	--	-608.0
<b>China</b>					
21:30	Manufacturing PMI* - Sep	index	--	50.2	49.7
21:30	Non-manufacturing PMI* - Sep	index	--	51.5	51.0
21:30	Composite PMI* - Sep	index	--	--	51.3

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.
<b>Equity indices</b>		
S&P 500 Futures	4,359.00	0.5%
Euro Stoxx 50	4,207.69	1.1%
Nikkei 225	31,857.62	0.0%
Shanghai Composite	3,110.48	0.0%
<b>Currencies</b>		
USD/MXN	17.42	-0.7%
EUR/USD	1.06	0.3%
DX	105.80	-0.4%
<b>Commodities</b>		
WTI	92.97	1.4%
Brent	96.14	0.8%
Gold	1,870.05	0.3%
Copper	376.30	1.5%
<b>Sovereign bonds</b>		
10-year Treasury	4.54	-3pb

Source: Bloomberg

## Equities

- Despite the significant losses accrued in September in the main stock indices, the last day of operation of the month seems to give a respite, underpinned by some dip-buying and assimilating inflation related figures just released
- In particular, futures in the US anticipate a positive opening, with the S&P500 trading 0.5% above its theoretical value, but still heading for the most severe monthly decline in the year, as is the Nasdaq
- In Europe, we observe widespread gains, with the Eurostoxx up just over 1%, reacting positively to the newly released inflation figures and with the real estate and luxury sectors leading the gains. In Asia, stock markets in China will remain closed until October 8th under holiday, while in Japan some marginal adjustments were observed. In Mexico the Mexbol Index could rise towards 51,800pts

## Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds after Austan Goolsbee's dovish comments yesterday. European rates show adjustments of up to -9bps in 10-year benchmarks. Meanwhile, the Treasuries yield curve trades with an appreciation of 1bp on average. Yesterday, Mbonos gained 15bps on average and the 10-year benchmark closed at 9.92% (-12bps)
- The USD trades with a negative bias with BBDXY adjusting -0.3%. G10 currencies gain traction with NZD (+1.1%) leading the way. In emerging markets, trading is capped by THB (+0.9%) and RUB (-0.7%). The Mexican peso extends yesterday's gains by trading at 17.44 per dollar, equivalent to an appreciation of 0.5%
- Crude-oil futures advanced 1.0% on average, reflecting expectations of higher demand in a backdrop of production cuts by OPEC+. Metals print gains, with aluminum rising 2.4%

## Corporate Debt

- Grupo Aeroportuario del Pacífico (GAP) announced that it has drawn down a US\$40 million, 12-month bank credit line, with interest at SOFR plus 25bp, with payment of principal at maturity. According to the press release, the proceeds of the facility will be used for the acquisition of 100% of the shares of a real estate company within the Tijuana airport for US\$35.5 million. The company's main activity consists of subleasing cargo operations areas, hangars, and operational areas with clients in the aeronautical industry
- Grupo Carso informed that it formalized the acquisition by its subsidiary Zamajal of 49.9% of Talos Energy Inc.'s mexican subsidiary (for US\$124.75 million), which owns a 17.4% interest in the Zama oil field, located approximately 63.5km off the coast of Tabasco

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	33,666.34	0.3%
S&P 500	4,299.70	0.6%
Nasdaq	13,201.28	0.8%
IPC	51,554.95	0.2%
Ibovespa	115,730.76	1.2%
Euro Stoxx 50	4,161.56	0.7%
FTSE 100	7,601.85	0.1%
CAC 40	7,116.24	0.6%
DAX	15,323.50	0.7%
Nikkei 225	31,872.52	-1.5%
Hang Seng	17,373.03	-1.4%
Shanghai Composite	3,110.48	0.1%
<b>Sovereign bonds</b>		
2-year Treasuries	5.06	-8pb
10-year Treasuries	4.57	-3pb
28-day Cetes	11.10	-5pb
28-day TIIE	11.50	-1pb
2-year Mbono	10.74	-8pb
10-year Mbono	9.96	-14pb
<b>Currencies</b>		
USD/MXN	17.54	-0.7%
EUR/USD	1.06	0.6%
GBP/USD	1.22	0.6%
DX	106.22	-0.4%
<b>Commodities</b>		
WTI	91.71	-2.1%
Brent	95.38	-1.2%
Mexican mix	88.12	-1.5%
Gold	1,864.87	-0.5%
Copper	370.80	2.0%

Source: Bloomberg

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