

## Financial Markets Daily

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

- **Stock markets with a positive bias, with government bond yields and USD negative. After the sell-off that pushed long-term Treasuries to multi-year highs, investors pause as they await additional information from the labor market**
- **In the US, the ousting of Kevin McCarthy as speaker of the House adds political uncertainty, raising the possibility of a government shutdown next month. The election to select his replacement is expected to happen next week**
- **On economic figures, the agenda will focus on US data including ADP employment –which surprised lower with only +89k jobs – and services PMIs, among others. On the monetary front we will have speeches from Goolsbee (Chicago) and Bowman (Fed Board). Christine Lagarde (ECB president) reiterated that borrowing costs will remain elevated as long as it is necessary**
- **In Japan, government bonds fell further today, increasing pressure on the BoJ to raise its yield-curve cap and prepare for an end of its negative interest-rate policy. Speculation on a possible silent intervention on the currency continues given strong moves in recent days**
- **On other news, the US federal government will waive US\$9 billion in student debt for 125k borrowers. We will also on look on the possible start of a strike by healthcare workers the US, which would total 75k unionized employees. The three-day strike could interrupt service for almost 13 million people**

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
<b>4:30</b>	Retail sales* - Aug	% m/m	--	-0.5	-0.2
<b>United States</b>					
<b>8:15</b>	ADP employment*-Sep	thousands	150	130	177
<b>9:45</b>	Services PMI*-Sep (F)	index	50.2	50.2	50.2
<b>9:45</b>	Composite PMI*-Sep (F)	index	50.1	50.1	50.1
<b>10:00</b>	Factory Orders*-Aug	% m/m	--	0.3	-2.1
<b>10:00</b>	Ex transportation*-Aug	% m/m	--	0.2	0.8
<b>10:00</b>	Durable Goods Orders*-Aug (F)	% m/m	--	0.2	0.2
<b>10:00</b>	Ex transportation*-Aug (F)	% m/m	--	0.4	0.4
<b>10:00</b>	ISM services*-Sep	index	--	53.6	54.5
<b>10:25</b>	Fed's Bowman Speaks at Community Banking Research Conference				
<b>10:30</b>	Fed's Goolsbee Speaks at Chicago Payments Symposium				
<b>15:00</b>	Fed's Goolsbee Moderates Discussion With Raghuram Rajan				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; \* Seasonally adjusted, \*\* Seasonally adjusted annualized rate.

October 4, 2023



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### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	4,276.50	0.3%
Euro Stoxx 50	4,116.38	0.5%
Nikkei 225	30,526.88	-2.3%
Shanghai Composite	3,110.48	0.0%
<b>Currencies</b>		
USD/MXN	17.90	-1.0%
EUR/USD	1.05	0.5%
DXY	106.71	-0.3%
<b>Commodities</b>		
WTI	87.26	-2.2%
Brent	88.88	-2.2%
Gold	1,825.86	0.2%
Copper	360.65	-0.4%
<b>Sovereign bonds</b>		
10-year Treasury	4.75	-5pb

Source: Bloomberg

## Equities

- Mixed movements, with a positive bias, in equity markets after the previous session's decline, as investors continue to weigh the monetary and growth outlook
- In Asia the markets closed negative, with a 2.3% decrease in the Nikkei, while there were no operations in China due to the holiday. In Europe stocks are mixed, but the Eurostoxx adds 0.5%. Shares from utilities and health care sectors lead gains, while those from energy are the only ones falling. In turn, in the US the futures of main indices point to a positive opening by rising 0.3% on average
- In corporate news, the Britain's biggest grocer, Tesco (+4%), increased its profit forecast. Meanwhile, Intel (+2% on pre-market) announced that it would independently operate its programmable chip unit and would seek an IPO for the unit within the next two or three years

## Sovereign fixed income, currencies and commodities

- Sovereign bonds show a slight positive bias after the previous days' sell-off. Rates in Europe post gains of up to 2bps on 10-year benchmarks. Treasuries trade with gains of 3bps on average. The Mbonos curve steepened, as a result of 2bps gains on the short-end and losses of up to 5bps on the long-term tenors. The Mbono May'33 closed at 9.97% (+4bps)
- The USD weakens after reaching highs since November. G10 currencies trade in positive territory, with GBP (+0.7%) the strongest. In EM, performance is mixed, HUF (+0.9%) and KRW (-1.0%) are at the ends of the spectrum. MXN breaches the psychological 18.00 level and print a 1.0% appreciation to 17.90 per dollar
- Crude-oil futures fall 2.2% on a fragile global backdrop as they await the OPEC+ decision and EIA inventory levels. Metals mixed, highlighting nickel (+0.8%) and aluminum (-1.0%)

## Corporate Debt

- Today, Grupo Aeroportuario del Pacífico is expected to auction the first tap issue of its sustainability-linked bonds, GAP 23L / 23-2L, for an amount of MXN 6.0 billion, with a 20% over-allotment option (max. MXN 7.2 billion). The GAP 23L bond will pay a floating rate of TIIE-28 with a 22bp spread, and a term of 2.5 years and GAP 23-2L will pay a fixed rate of 9.65% and a term of six years
- Fitch Ratings downgraded Financiera Independencia's international rating (IDR) to 'B+' from 'BB-' and its national rating to 'BBB(mex)' from 'A-(mex)'. Both ratings were placed on Negative Watch. The rating actions stem from Findep's increased liquidity risk arising from the concentration of short-term maturities during the first seven months of 2024

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	33,002.38	-1.3%
S&P 500	4,229.45	-1.4%
Nasdaq	13,059.47	-1.9%
IPC	50,366.39	-1.7%
Ibovespa	113,419.04	-1.4%
Euro Stoxx 50	4,095.59	-1.0%
FTSE 100	7,470.16	-0.5%
CAC 40	6,997.05	-1.0%
DAX	15,085.21	-1.1%
Nikkei 225	31,237.94	-1.6%
Hang Seng	17,331.22	-2.7%
Shanghai Composite	3,110.48	0.0%
<b>Sovereign bonds</b>		
2-year Treasuries	5.15	5pb
10-year Treasuries	4.80	12pb
28-day Cetes	11.05	-15pb
28-day TIIE	11.50	0pb
2-year Mbono	10.63	6pb
10-year Mbono	9.98	5pb
<b>Currencies</b>		
USD/MXN	18.07	2.3%
EUR/USD	1.05	-0.1%
GBP/USD	1.21	-0.1%
DX	107.00	0.1%
<b>Commodities</b>		
WTI	89.23	0.5%
Brent	90.92	0.2%
Mexican mix	84.22	0.1%
Gold	1,823.02	-0.3%
Copper	362.10	-0.6%

Source: Bloomberg

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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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