

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive with S&P Futures down, USD also down and government bond yields mixed with investor sentiment still fragile in the face of strong moves in several assets during the week driven by higher Treasury yields and awaiting tomorrow's labor market report in the US
- Regarding monetary policy, the central bank of Peru will announce its decision on the reference rate, where a cut of 25bp is expected to place it at 7.25%. In addition, markets will focus on comments from Fed's Barr, Daly and Mester
- On economic figures, in the US the Challenger, Gray and Christmas report for September was published, posting 47,457 job cuts, below the 75,151 observed the previous month. With this, 604,514 have been accumulated so far this year. Jobless claims for the week ending September 30 were also released, standing at 207k below the estimate of 210k, but above the previous figure (205k). In addition, the trade balance for August was published, posting a deficit of US\$58.3 billion
- In Mexico, INEGI released September's consumer confidence, standing at 46.8pts, up 0.1pts relative to August. Inside, 3 of the 5 categories were higher, noting the country's current conditions (+0.6pts)

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Consumer confidence* - Sep	index	46.8	46.8	46.7
16:30	Survey of expectations (Citibanamex)				
United States					
8:30	Initial jobless claims* - Sep 30	thousands	--	210	204
8:30	Trade balance* - Aug	USDbn	--	-59.7	-65.0
9:00	Fed's Mester Speaks at Chicago Payments Symposium				
12:00	Fed's Daly Speaks at Economic Club of New York				
12:15	Fed's Barr Speaks on Cyber Risk in the Banking Sector				
Peru					
19:00	Monetary policy decision (BCRP)	%	--	7.25	7.50

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.
Equity indices		
S&P 500 Futures	4,284.75	-0.3%
Euro Stoxx 50	4,107.56	0.2%
Nikkei 225	31,075.36	1.8%
Shanghai Composite	3,110.48	0.0%
Currencies		
USD/MXN	18.06	0.6%
EUR/USD	1.05	0.2%
DX	106.77	0.0%
Commodities		
WTI	83.52	-0.8%
Brent	85.16	-0.8%
Gold	1,815.83	-0.3%
Copper	356.95	-0.5%
Sovereign bonds		
10-year Treasury	4.73	-1pb

Source: Bloomberg

Equities

- Positive bias in equity markets, with some dip-buying among investors. Meanwhile, participants' attention will be focused on the strength of the economy and its implications for the monetary policy outlook
- In the US, futures anticipate a downward opening. In turn, Europe is trading mainly higher, with the Eurostoxx climbing 0.2%, supported by the consumer staples and financial sectors. In particular, the shares of Alstom, a transportation company in Europe, fall more than 35% after cutting its growth forecasts due to delays in contracts in the United Kingdom and an increase in inventories. In Asia, the Nikkei stands out with an increase of 1.8%
- In Mexico, the Mexbol Index could be pressured by changes in the tariff regulation of airport groups, with a direct impact on the sector, although specific details are still pending

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. 10-year European rates fluctuate between +/-3bps. The Treasuries' curve steepens with 1bp gains on the short- and mid-end, while the long-end adjusts +3bp. Yesterday, Mbonos gained 11bps, on average, and the 10-year benchmark rate, May'33, closed at 9.85% (-12bps)
- The dollar retreats, allowing the majority of developed currencies to trade in positive territory with NZD (+0.3%) leading the gains. In EM, the bias is mostly positive with KRW (+0.9%) as the strongest. Meanwhile, MXN depreciates 0.7% to 18.09 per dollar, being the second weakest among its peers
- Crude-oil extends yesterday's losses of more than 5.0% on concerns that a slowdown in global growth will erode consumption. Thus, Brent trades at 85\$/bbl & WTI at 84\$/bbl. Metals are mixed

Corporate Debt

- PCR Verum upgraded the rating for Viva Aerobus' ABS, VIVAACB 22L to 'AA+/M (e)' from 'AA/M (e)'. The outlook remained Stable. The rating upgrade was based on the consistently higher collections received by the issuing trust compared to the rating agency's baseline scenario estimates, due to the airline's higher volume of operations
- HR Ratings affirmed the ratings for Desarrollos Hidráulicos de Cancún and its unsecured note DHICB 22B at 'HR AA+'. The rating affirmation follows a generation of Free Cash Flow above the agency's estimate, as well as a lower level of debt than considered

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,129.55	0.4%
S&P 500	4,263.75	0.8%
Nasdaq	13,236.01	1.4%
IPC	50,732.69	0.7%
Ibovespa	113,607.45	0.2%
Euro Stoxx 50	4,099.85	0.1%
FTSE 100	7,412.45	-0.8%
CAC 40	6,996.73	0.0%
DAX	15,099.92	0.1%
Nikkei 225	30,526.88	-2.3%
Hang Seng	17,195.84	-0.8%
Shanghai Composite	3,110.48	0.0%
Sovereign bonds		
2-year Treasuries	5.05	-10pb
10-year Treasuries	4.73	-6pb
28-day Cetes	11.20	15pb
28-day TIIE	11.50	0pb
2-year Mbono	10.43	-21pb
10-year Mbono	9.86	-12pb
Currencies		
USD/MXN	17.96	-0.7%
EUR/USD	1.05	0.4%
GBP/USD	1.21	0.5%
DX	106.80	-0.2%
Commodities		
WTI	84.22	-5.6%
Brent	85.81	-5.6%
Mexican mix	79.63	-5.5%
Gold	1,821.36	-0.1%
Copper	358.90	-0.9%

Source: Bloomberg

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