BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock futures in the US lower, government bond yields climbing and the USD strengthens, with investors assimilating employment figures in the US, suggesting that the economy remains in a favorable position, with implications of a larger monetary restriction by the Fed**

- **In the US, September's employment report showed a creation of 336 jobs, considerably above expectations. In addition, the unemployment rate came in at 3.8%, also higher than expected. At the margin, the participation rate was unchanged, while wages kept climbing, albeit an inch slower than forecasted**

- **On the monetary front, in India, the central bank held its reference rate at 6.50%. Meanwhile, in Peru, the monetary authority cut rated by 25bps to 7.25%, in line with expectations. In the US we expect a participation from Waller (Fed Governor), this after relevant comments from other speakers yesterday**

- **The US and China's government are working for Joe Biden and Xi Jinping to meet next month amid this year's APEC's meeting in San Francisco. In other news, former president Trump endorsed the nomination of Jim Jordan, a conservative Republican, to be the next House Speaker**

- **Today, leaders from the European Union meet, where several key issues will be discussed including the possible integration of more states (Ukraine among them), migration problems, and each country's strategic autonomy**

- **Attention next week on the fall meetings from the IMF and the World Bank, with one of the main points being the update to global growth estimates in the 'World Economic Outlook' (to be released on Tuesday)**

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Winners of the 2023 award for best Mexico economic, forecasters, granted by Focus Economics

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Nonfarm payrolls* - Sep	thousands	150	168	187
8:30	Unemployment rate* - Sep	%	3.7	3.7	3.8
12:00	Fed's Waller Speaks About Payments System				
15:00	Consumer credit* - Aug	USDbn	--	11.7	10.4

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,253.00	-0.9%
Euro Stoxx 50	4,135.59	0.9%
Nikkei 225	30,994.67	-0.3%
Shanghai Composite	3,110.48	0.0%
Currencies		
USD/MXN	18.30	0.2%
EUR/USD	1.06	0.1%
DXY	106.33	0.0%
Commodities		
WTI	82.04	-0.3%
Brent	83.84	-0.3%
Gold	1,819.73	0.0%
Copper	360.25	1.4%
Sovereign bonds		
10-year Treasury	4.75	3pb

Source: Bloomberg

Equities

- **Mixed returns in main stock indices, although US futures are negative reacting to newly released employment figures**

- **The S&P500 is trading 0.9% below its theoretical value while the Nasdaq is trading at -1.1%. In corporate news, *Exxon Mobil* is inching closer to acquiring *Pioneer Natural Resources* which would position it as the dominant shale oil producer in the US. *Tesla* cut the prices of its most popular cars**

- **In Europe, gains average 0.7%, with the insurance sector leading the advances after *Aviva Plc* seems a target for potential bidders. In Asia, we observe mixed closings, although of moderate magnitude, while the stock markets in China remain closed for holidays. In Mexico the Mexbol Index may consolidate over 49,500pts, after yesterday's relevant losses**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. European rates post adjustments of +3bps in 10-year benchmarks. Meanwhile, the Treasuries yield curve loses 2bps on average. Yesterday, the Mbonos' curve lost 2bps on average and the 10-year benchmark closed at 9.88% (+4bps)**

- **The USD trades with few changes on the BBDXY while developed and emerging currencies post mixed movements. In the G10, SEK (+0.2%) and JPY (-0.4%) are at the ends of the spectrum. In EM, trading is capped by ZAR (+0.7%) and THB (-0.3%). Mexican peso trades sideways at 18.25 per dollar after yesterday's sharp depreciation**

- **Crude-oil futures trade with marginal changes. Russia lifted the ban on maritime exports of diesel as long as it is delivered through pipelines at ports. In metals, the bias is positive and copper stands out with an advance of 0.8%**

Corporate Debt

- **CFE concluded its second bond repurchase operation in the international markets, where it accepted all the bids presented for a nominal amount of US$877.5 million of four bonds. The results of the operation generated capital savings of US$20.5 million, as well as accumulated financial savings of US$146.3 million**

- **Fitch Ratings affirmed Grupo Sanborns' national long-term rating at 'AAA(mex)'. The outlook is Stable. The ratings reflect its significant market position in the Mexican department store segment, track record and brand recognition, store format diversification, as well as its conservative financial profile and financial flexibility**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,119.57	0.0%
S&P 500	4,258.19	-0.1%
Nasdaq	13,219.83	-0.1%
IPC	49,454.59	-2.5%
Ibovespa	113,284.08	-0.3%
Euro Stoxx 50	4,099.81	0.0%
FTSE 100	7,451.54	0.5%
CAC 40	6,998.25	0.0%
DAX	15,070.22	-0.2%
Nikkei 225	31,075.36	1.8%
Hang Seng	17,213.87	0.1%
Shanghai Composite	3,110.48	0.0%
Sovereign bonds		
2-year Treasuries	5.02	-3pb
10-year Treasuries	4.72	-1pb
28-day Cetes	11.11	-9pb
28-day TIIE	11.50	0pb
2-year Mbono	10.52	10pb
10-year Mbono	9.90	4pb
Currencies		
USD/MXN	18.26	1.7%
EUR/USD	1.06	0.4%
GBP/USD	1.22	0.5%
DXY	106.33	-0.4%
Commodities		
WTI	82.31	-2.3%
Brent	84.07	-2.0%
Mexican mix	77.52	-2.6%
Gold	1,820.30	-0.1%
Copper	355.20	-1.0%

Source: Bloomberg

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

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