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 markets lower, government bond yields mixed, and USD stronger. Risk aversion rises after Hamas's attack on Israel in the weekend, fueling gains in oil and gold prices on concerns about an escalation of the conflict. As a result, Israel's central bank announced measures to support its currency**
- **The US bond market will be closed today in remembrance of Columbus Day, impacting liquidity. In the agenda, we will look closely at the comments from Logan and Jefferson of the Fed**
- **Market attention this week on the minutes of the latest decisions from the Fed and Banxico. Investors will be searching for further details about the likely path of interest rates and the time that they could remain high, among other issues**
- **September's inflation data in the US will also be important, which we estimate at 0.3% m/m (consensus: 0.3% m/m). This, in an environment in which the labor market has given mixed signals, albeit still strong in broad terms**
- **The rest of US data includes only producer prices (Sep) and U. of Michigan consumer confidence (Oct). In other regions, we note inflation (Sep) in Germany, Brazil, and China; trade balance (Sep) in the latter country; and industrial production (Aug) in the Eurozone and UK**
- **In Mexico, September's inflation stood at 0.44% m/m. With this, the annual rate is at 4.45% from 4.64% in August. Additional releases include industrial production (Aug), wage negotiations and ANTAD's same-store sales (Sep)**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
	IMF / World Bank fall meetings begin in Marrakech, Morocco				
Mexico					
8:00	Consumer prices - Sep	% m/m	0.50	0.47	0.55
8:00	Core - Sep	% m/m	0.37	0.36	0.27
8:00	Consumer prices - Sep	% y/y	4.52	4.48	4.64
8:00	Core - Sep	% y/y	5.76	5.75	6.08
United States					
	Bond markets closed for the Columbus Day holiday				
8:00	Fed's Barr Speaks at American Bankers Association Conference				
9:00	Fed's Logan Speaks on US Outlook, Monetary Policy				
12:50	Fed's Jefferson Speaks at NABE Conference				

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,311.50	-0.7%
Euro Stoxx 50	4,113.00	-0.8%
Nikkei 225	30,994.67	0.0%
Shanghai Composite	3,096.92	-0.4%
Currencies		
USD/MXN	18.30	0.8%
EUR/USD	1.05	-0.5%
DXY	106.48	0.4%
Commodities		
WTI	85.58	3.4%
Brent	87.31	3.2%
Gold	1,850.23	0.9%
Copper	364.45	0.5%
Sovereign bonds		
10-year Treasury	4.80	0pb

Source: Bloomberg

Equities

- **Market declines in the face of geopolitical risks. Although today is a holiday in the US, futures trades in negative territory, with the average of the main indices down 0.5%. Meanwhile, investors await for the start of the 3Q23 earnings season. *Bloomberg* consensus estimates a 1.1% y/y decline in S&P500 companies' earnings. This week, 12 companies are slated for release, highlighting some in the financial sector on Friday: BlackRock, Citi, JPMorgan, and Wells Fargo**

- **Europe trades mostly lower, with the Eurostoxx falling 0.8%, dragged by financials and consumer discretionary. Likewise, Asia closed with losses, with the Shanghai down 0.4%**

- **In Mexico, we anticipate a trading range for the Mexbol Index this week between 48,600 and 50,700pts, after Friday's close at 49,667pts**

Sovereign fixed income, currencies and commodities

- **The US bond market is closed today due to Columbus Day, so we expect low liquidity. European 10-year rates fell 3bps on average. Last week, Mbonos advanced 5bps on average, with the 10-year closing at 9.84% (-3bps w/w) and the risk premium at 504bps (-26bps w/w)**

- **Dollar jumps on risk aversion, with speculators doubling down their bets on further strengthening to US$ 9.72 billion. The Mexican peso trades at 18.30 (-0.8%), after its largest weekly depreciation since November 2021, at -4.1%. We expect a weekly trading range between USD/MXN 17.90 and 18.50**

- **Crude-oil prices with a 4.00% rally amid greater instability in the Middle East, raising the risk of lower supply. In metals, gold and copper advance 0.9% and 0.5%, respectively**

Corporate Debt

- **This week we expect four long-term bonds by Arca Continental (AC 23 / 23-2, MXN 6.05 billion), Fundación Dondé (DONDE 23, MXN 2.0 billion) and Fin Útil (FUTILCB 23S, MXN 600 million)**

- **CYDSA announced the results of its Partial Tender Offer for its Senior Notes due 2027. Bondholders tendered Notes with a face value of US$79.665 million. The outstanding Notes will pass from US$331.67 million to US$252.01 million**

- **Fitch Ratings affirmed Consubanco's rating at 'A-(mex)' and revised the outlook to Positive from Stable. The Positive outlook reflects the continued strengthening of Consubanco's funding profile as seen in a trend of increased diversification in its funding sources and a growing customer deposit base**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,407.58	0.9%
S&P 500	4,308.50	1.2%
Nasdaq	13,431.34	1.6%
IPC	49,666.50	0.4%
Ibovespa	114,169.63	0.8%
Euro Stoxx 50	4,144.43	1.1%
FTSE 100	7,494.58	0.6%
CAC 40	7,060.15	0.9%
DAX	15,229.77	1.1%
Nikkei 225	30,994.67	-0.3%
Hang Seng	17,485.98	1.6%
Shanghai Composite	3,110.48	0.0%
Sovereign bonds		
2-year Treasuries	5.08	6pb
10-year Treasuries	4.80	8pb
28-day Cetes	11.21	10pb
28-day TIIE	11.50	0pb
2-year Mbono	10.56	4pb
10-year Mbono	9.88	-2pb
Currencies		
USD/MXN	18.17	-0.5%
EUR/USD	1.06	0.3%
GBP/USD	1.22	0.4%
DXY	106.04	-0.3%
Commodities		
WTI	82.79	0.6%
Brent	84.58	0.6%
Mexican mix	77.84	0.4%
Gold	1,833.01	0.7%
Copper	362.75	2.1%

Source: Bloomberg

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cuautencos Mora and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
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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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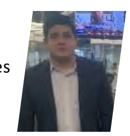

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