Economic and Financial Markets Research
Economic Research and Market Strategy

# Financial Markets Daily

**Main drivers for the financial markets today…**

- **Stock markets up, government bond yields mixed, and USD slightly up. Nervousness in markets eased following less hawkish comments from Fed members and the prospect of more economic stimulus from China despite the potential impact of the Israel and Hamas conflict**

- **The International Monetary Fund released its World Economic Outlook keeping its global GDP forecast for 2023 unchanged at 3.0%, but lower for 2024 at 2.9% (-0.1%). Moreover, it raised its global inflation forecast for 2024 to 5.8% (+0.6%) and called central banks to keep policy tight**

- **Today, all eyes will be on comments from Fed members, including Bostic, Waller, Kashkari, and Daly. This, after Federal Reserve, Vice Chair, Phillip Jefferson said yesterday that he is watching the increase in Treasury yields as a potential to restrain the economy and said that they are in a position where they can proceed carefully in deciding on any further tightening of monetary policy**

- **Republicans remain deeply divided over who should be the next speaker of the House of Representatives**

- **In Mexico, September's ANTAD same-store sales and wage negotiations will be published**

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

**Document for distribution among public**

## The most relevant economic data…

| | Event/Period | Unit | Banorte | Survey | Previous |
|---|---|---|---|---|---|
| | The IMF releases its 'World Economic Outlook' | | | | |
| ***United States*** | | | | | |
| 9:30 | Bostic Speaks on Outlook for US Economy | | | | |
| 13:00 | Fed's Waller Speaks at Monetary Policy Conference | | | | |
| 18:00 | Fed's Daly Speaks At Chicago Council on Global Affairs | | | | |
| ***Mexico*** | | | | | |
| 11:00 | International reserves - Oct 6 | US$bn | -- | -- | 203.8 |
| 13:30 | Government weekly auction: 1-, 3-, 6-, and 24-month Cetes; 3-year Mbono (Sep'26); 20-year Udibono (Nov'43) and 1-, and 3-year Bondes F | | | | |
| | ANTAD same-store sales - Sep | % y/y | -- | -- | 3.1 |
| | Wage negotiations - Sep | % y/y | -- | -- | 8.2 |

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 | 4,370.75 | 0.0% |
| Euro Stoxx 50 | 4,171.36 | 1.4% |
| Nikkei 225 | 31,746.53 | 2.4% |
| Shanghai Composite | 3,075.24 | -0.7% |
| ***Currencies*** | | |
| USD/MXN | 18.11 | -0.5% |
| EUR/USD | 1.06 | 0.2% |
| DXY | 105.99 | -0.1% |
| ***Commodities*** | | |
| WTI | 85.88 | -0.6% |
| Brent | 87.68 | -0.5% |
| Gold | 1,854.03 | -0.4% |
| Copper | 360.10 | -1.2% |
| ***Sovereign bonds*** | | |
| 10-year Treasury | 4.70 | -10pb |

Source: Bloomberg

## Equities

- **Positive bias in equity markets as investors continue to evaluate the monetary outlook, the impact of the geopolitical crisis between Hamas and Israel, as well as the possibility of a new economic stimulus in China**

- **In Asia most markets closed positive. In Europe stocks advance, the Eurostoxx adds 1.4%. Shares from consumer discretionary, materials, and consumer staples sectors lead gains. In turn, in the US the futures of main indices are positive and show few changes**

- **In corporate news, PepsiCo (+2% on pre-market) reported better-than-expected results and raised its profit forecast for the year**

## Sovereign fixed income, currencies and commodities

- **Treasuries print gains of 8bps, on average, after a 3-day break in the US. On the contrary, the 10-year European bonds register losses of 4bps. Locally, the Mbonos began the week with a relief of 5bps, on average, with the 10-year benchmark closing at 9.77% (-7bps)**

- **Dollar slightly positive amid a mixed performance in both G10 and EM currencies. In the latter, THB (+1.0%) and CLP (-0.7%) are at the extremes. Meanwhile, the Mexican peso trades at 18.11 per dollar, equivalent to an 0.5% appreciation, fully diluting yesterday's depreciation of 0.2%**

- **Crude-oil falls after its biggest jump (+4.0%) in six months as markets digested the fallout from Hamas' surprise attack on Israel. Widespread losses in metals, highlighting copper and nickel with losses of 1.6% and 1.7%, respectively**

## Corporate Debt

- **HR Ratings affirmed its 'HR A+' rating, modifying the Outlook from Stable to Positive for Banco Ve por Más. According to the agency, the Positive Outlook is based on its adequate financial performance, as well as on the strengthening of the Bank's solvency position and revenue generation**

- **HR Ratings affirmed the 'HR AA' rating, modifying the Outlook from Stable to Positive for Banco Monex. According to the agency, the Positive Outlook is based on the Bank's high solvency levels, with a core and net capitalization ratio of 18.7% and 19.3% as of 2Q23, compared to 17.7% and 18.3% as of 2Q22, and 19.2% and 19.8% in a baseline scenario. It also pointed out that low levels of non-performing loans are shown, closing with an adjusted non-performing loan ratio of 2.0% as of 2Q23 (vs. 1.8% as of 2Q22 and 2.2% in a base scenario)**

### Previous closing levels

| | Last | Daily chg. |
|---|---|---|
| ***Equity indices*** | | |
| Dow Jones | 33,604.65 | 0.6% |
| S&P 500 | 4,335.66 | 0.6% |
| Nasdaq | 13,484.24 | 0.4% |
| IPC | 49,297.15 | -0.7% |
| Ibovespa | 115,156.07 | 0.9% |
| Euro Stoxx 50 | 4,112.57 | -0.8% |
| FTSE 100 | 7,492.21 | 0.0% |
| CAC 40 | 7,021.40 | -0.5% |
| DAX | 15,128.11 | -0.7% |
| Nikkei 225 | 30,994.67 | 0.0% |
| Hang Seng | 17,517.40 | 0.2% |
| Shanghai Composite | 3,096.92 | -0.4% |
| ***Sovereign bonds*** | | |
| 2-year Treasuries | 5.08 | 0pb |
| 10-year Treasuries | 4.80 | 0pb |
| 28-day Cetes | 11.20 | -1pb |
| 28-day TIIE | 11.50 | 0pb |
| 2-year Mbono | 10.54 | -2pb |
| 10-year Mbono | 9.80 | -8pb |
| ***Currencies*** | | |
| USD/MXN | 18.21 | 0.2% |
| EUR/USD | 1.06 | -0.2% |
| GBP/USD | 1.22 | 0.0% |
| DXY | 106.08 | 0.0% |
| ***Commodities*** | | |
| WTI | 86.38 | 4.3% |
| Brent | 88.15 | 4.2% |
| Mexican mix | 81.29 | 4.4% |
| Gold | 1,861.41 | 1.5% |
| Copper | 364.60 | 0.5% |

Source: Bloomberg



BANORTE

## 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** |
|---|---|
| **BUY** | When the share expected performance is greater than the MEXBOL estimated performance. |
| **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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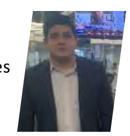

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