

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, government bond yields down and USD with small changes, as geopolitical tensions in the Middle East keep rising. Investors also attentive to the 3Q23 earnings season kick off in the US, with major banks reporting, looking for insights on the health of the financial sector**
- **G20 finance ministers and central bankers will meet at IMF's annual meetings in Marrakech. Lagarde from the ECB will participate at a panel with IMF's Managing Director Georgieva**
- **Republican Steve Scalise abandoned his brief campaign to become speaker of the House of Representatives. In this context, it is not clear where the Republicans are heading. Conservative Jim Jordan received 99 votes in the first round and could run again. The situation complicates decision-making on several fronts such as the approval of the 2024 budget, which increases the chances of a shutdown when the temporary agreement ends on November 17th. The other issue that requires a quick response from Congress is the conflict in the Middle East**
- **Regarding economic figures, last night September inflation was published in China, once again approaching deflationary territory, increasing doubts about the direction of the Asian country's recovery**
- **In the US, University of Michigan's October consumer sentiment will be released. We estimate it at 67.0pts from 68.1pts previously. On the negative side, household perception will be affected by the rise in gasoline prices and the decline in stock markets. On the positive side, the decline will be limited by the fact that the feared shutdown did not materialize**
- **On the monetary policy front, attention will be on comments from Fed's Harker**

The most relevant economic data...

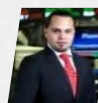
	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Industrial production* - Aug	% m/m	--	0.1	-1.1
United States					
9:00	Fed's Harker Speaks on the 2023 Economic Outlook				
10:00	U. of Michigan Confidence* - Oct (P)	index	67.0	67.0	68.1

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	4,374.75	-0.1%
Euro Stoxx 50	4,168.28	-0.7%
Nikkei 225	32,315.99	-0.5%
Shanghai Composite	3,088.10	-0.6%
Currencies		
USD/MXN	17.89	-0.5%
EUR/USD	1.05	0.0%
DXY	106.58	0.0%
Commodities		
WTI	86.31	4.1%
Brent	89.41	4.0%
Gold	1,897.34	1.5%
Copper	357.80	-0.4%
Sovereign bonds		
10-year Treasury	4.60	-9pb

Source: Bloomberg

Equities

- Widespread declines in major stock indices, as investors continue to digest the expectation of higher rates for longer. US futures are mixed, with the S&P500 showing little changes, the Dow positive and the Nasdaq negative
- Today formally begins the 3Q23 earnings season in the US with the results of the main banks. Among those that stand out and that turned out better than expected we have *Citi*, *JP Morgan* and *Wells Fargo*. On a consolidated basis, Bloomberg's analyst consensus anticipates a drop in S&P500 corporate earnings of -1.1% vs. -5.7% in 2Q23
- In Europe we see adjustments averaging 0.7%, with travel and leisure-related stocks leading the declines. In Asia, the falls in Hong Kong and China stand out, as economic figures continue to show weakness despite the stimuli implemented

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds on demand for safe-haven assets amid geopolitical risks. European rates adjusted up to -7bps in 10-year benchmarks. Meanwhile, the Treasuries yield curve trades with gains of 8bps on average. Yesterday, Mbonos closed with losses of 11bps and the 10-year benchmark at 9.80% (+10bps)
- The USD trades with few changes on the BBDXY while advanced and emerging market currencies are mixed. In the first group, NOK (+0.4%) and NZD (-0.3%) are at the ends. In the second, RUB (+0.5%) leads the gains and KRW (-0.9%) is the weakest. MXN (+0.3%) partially reverses yesterday's losses to trade at 17.94 per dollar
- Crude-oil futures are up 4.0% as geopolitical tensions in the Middle East increase due to a possible Israeli incursion into the Gaza Strip. In metals, gold and silver stand out printing gains of 1.6% and 2.6%, in the same order

Corporate Debt

- HR Ratings affirmed its 'HR AAA' rating with Stable outlook for Operadora de Sites Mexicanos. According to the agency, the ratification is based on the strength of the metrics achieved during the last twelve months, as well as the expected levels for 2Q24 and 2Q25, as a consequence of a growing market demand, which would contribute to the increase of towers in the portfolio to 25,696 by 2Q26 and an increase in average rent
- S&P Global Ratings affirmed its 'BBB+' and 'A-2' global scale ratings on FIBRA Prologis; the outlook is Stable. According to the agency, the ratings reflect the trust's solid position in the Mexican industrial real estate market, with best-in-class operating and financial indicators

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,631.14	-0.5%
S&P 500	4,349.61	-0.6%
Nasdaq	13,574.22	-0.6%
IPC	49,745.16	-1.2%
Ibovespa	117,050.74	0.0%
Euro Stoxx 50	4,198.23	-0.1%
FTSE 100	7,644.78	0.3%
CAC 40	7,104.53	-0.4%
DAX	15,425.03	-0.2%
Nikkei 225	32,494.66	1.7%
Hang Seng	18,238.21	1.9%
Shanghai Composite	3,107.90	0.9%
Sovereign bonds		
2-year Treasuries	5.07	9pb
10-year Treasuries	4.70	14pb
28-day Cetes	11.19	15pb
28-day TIIE	11.50	0pb
2-year Mbono	10.69	15pb
10-year Mbono	9.82	11pb
Currencies		
USD/MXN	17.98	0.8%
EUR/USD	1.05	-0.9%
GBP/USD	1.22	-1.1%
DXY	106.60	0.7%
Commodities		
WTI	82.91	-0.7%
Brent	86.00	0.2%
Mexican mix	78.96	0.0%
Gold	1,868.90	-0.3%
Copper	359.10	-0.6%

Source: Bloomberg

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