

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, government bond yields up, and USD advances.** Investors wait for more data from earning season and focus on diplomatic efforts to contain the war in the Middle East, including a planned visit to Israel by US President Joe Biden tomorrow
- **Attention on speeches from Federal Reserve members, including Williams, Bowman, Barkin, and Kashkari**
- **Regarding economic figures, in the US the retail sales report for September was published, with a strong advance of +0.7% m/m above the consensus estimate (+0.3%). The control group showed solid growth of +0.6% m/m (previous: +0.2%). Later, the industrial and manufacturing production report for the same month will be released. While at night China will publish 3Q23 GDP figures, industrial production, retail sales and gross fixed investment for September**
- **In events, China will hold its third Belt and Road Forum on October 17 and 18, whit dignitaries from around the world including President Vladimir Putin. Moreover, a deal is expected between Venezuela and the US that will ease some sanctions on crude-oil industry**

The most relevant economic data...

Event/Period	Unit	Banorte	Survey	Previous
United States				
8:00 Fed's Williams Moderates Discussion at Economic Club of NY				
8:30 Advance retail sales* - Sep	% m/m	0.5	0.3	0.6
8:30 Ex autos & gas* - Sep	% m/m	--	0.1	0.2
8:30 Control group* - Sep	% m/m	0.1	-0.1	0.1
9:15 Industrial production* - Sep	% m/m	0.1	0.0	0.4
9:15 Manufacturing production* - Sep	% m/m	0.0	0.0	0.1
9:20 Fed's Bowman Speaks on Innovation in Payments				
10:45 Fed's Barkin Speaks on the Economic Outlook				
17:00 Fed's Kashkari Participates in a Moderated Discussion				
Mexico				
11:00 International reserves - Oct 13	US\$bn	--	--	203.5
13:30 Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 30-year Mbono (Jul'53), 10-year Udibono (Nov'31) and 2-, and 5-year Bondes F				
China				
21:00 Gross domestic product - 3Q23	% y/y	--	4.5	6.3
21:00 Industrial production - Sep	% y/y	--	4.3	4.5
21:00 Retail sales - Sep	% y/y	--	4.9	4.6
21:00 Gross fixed investment (YTD) - Sep	% y/y	--	3.2	3.2

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	4,382.75	-0.4%
Euro Stoxx 50	4,131.40	-0.4%
Nikkei 225	32,040.29	1.2%
Shanghai Composite	3,083.50	0.3%
Currencies		
USD/MXN	18.02	0.8%
EUR/USD	1.05	-0.2%
DXY	106.50	0.2%
Commodities		
WTI	86.74	0.1%
Brent	89.86	0.2%
Gold	1,924.10	0.2%
Copper	354.15	-1.1%
Sovereign bonds		
10-year Treasury	4.80	10pb

Source: Bloomberg

Equities

- Equity markets with a negative bias, as geopolitical and inflation concerns impact performance, albeit investors are digesting positive corporate reports in the aggregate
- In the US, futures of the main stock indexes point to a negative opening with a 0.3% drop on average. Europe trades with widespread losses and the Eurostoxx falls 0.4%. In contrast, Asian stock markets closed positive with the Nikkei rising 1.2%
- Of 9 S&P500 companies reporting today, 6 have released their results, most of them better than expected, including Bank of America, Bank of New York Mellon, Goldman Sachs and Johnson & Johnson (which increased its revenue guidance). In Mexico, Amx and Bolsa figures are expected after the market close

Sovereign fixed income, currencies and commodities

- High volatility in the fixed-income market driven by rising geopolitical risk and concerns over expectations of high interest rates for longer. 10-year European rates increase 7bps, while the yields on 10- and 30-year Treasuries reach fresh 16-year highs. Yesterday, Mbonos recorded a 6bps sell-off, with the 10-year benchmark closing at 9.82% (+6bps)
- Dollar advance against most of the developed and emerging currencies. In the latter group, the MXN is the weakest, trading slightly above the psychological level of 18.00 per dollar (-0.8%), diluting part of the yesterday's gains of 1.1%
- Crude-oil steady, although prices remain high, while the US drive to prevent a regional conflagration in the Middle East. Industrial metals print widespread losses and gold recovers, gaining 5% so far this month

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,984.54	0.9%
S&P 500	4,373.63	1.1%
Nasdaq	13,567.98	1.2%
IPC	49,823.08	0.9%
Ibovespa	116,533.85	0.7%
Euro Stoxx 50	4,149.86	0.3%
FTSE 100	7,630.63	0.4%
CAC 40	7,022.19	0.3%
DAX	15,237.99	0.3%
Nikkei 225	31,659.03	-2.0%
Hang Seng	17,640.36	-1.0%
Shanghai Composite	3,073.81	-0.5%
Sovereign bonds		
2-year Treasuries	5.10	4pb
10-year Treasuries	4.71	9pb
28-day Cetes	11.21	1pb
28-day TIIE	11.51	0pb
2-year Mbono	10.91	13pb
10-year Mbono	9.83	5pb
Currencies		
USD/MXN	17.89	-1.1%
EUR/USD	1.06	0.5%
GBP/USD	1.22	0.6%
DXY	106.24	-0.4%
Commodities		
WTI	86.66	-1.2%
Brent	89.65	-1.4%
Mexican mix	82.44	-1.0%
Gold	1,920.20	-0.7%
Copper	358.20	0.3%

Source: Bloomberg

Corporate Debt

- HR Ratings upgraded Consorcio ARA's rating to 'HR AA+' from 'HR AA', maintaining a Stable outlook. The upgrade revision is based on the strength of DSCR, payment years and marketable assets to liabilities metrics, based on the generation of negative net debt
- S&P Global Ratings assigned 'mxAAA' ratings to Toyota Financial Services Mexico's proposed issuances, TOYOTA 23 and 23-2, for up to MXN 2.0 billion. The ratings incorporate the issuer's view of the issuer as a strategically important subsidiary of its parent company
- FIBRA Prologis acquired two properties located in Ciudad Juarez and Monterrey for a total purchase price of US\$106 million. The properties comprise 1,118,649 square feet of industrial space and are fully leased in USD

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