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 negative, government bond yields up and USD down with investors showing preference for safe-haven assets in the face of intensifying diplomatic efforts to contain the conflict in the Middle East, and awaiting more news on corporate earnings**

- **Markets will be attentive to the agenda of interventions by Fed members, which includes comments from Powell, Goolsbee, Barr, Bostic, Harker and Logan**

- **Regarding economic figures, in the US the regional manufacturing index for October, Philly Fed, was published, remaining in contraction at -9.0pts, after -13.5pts the previous month. In addition, the initial jobless claims for the week ending October 14 were released, standing at 198k, below the consensus estimate (210k). Later, September's existing home sales will be published**

- **China will report 1- and 5-year prime loan rates. They are expected to remain unchanged**

- **In Mexico, INEGI released September's Timely Indicator of Economic Activity, with a 0.2% m/m expansion (3.0% y/y sa) in activity. By sectors, they expect industry at +0.3% m/m, with services marginally lower at +0.1%**

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar
Director of Market Strategy
manuel.jimenez@banorte.com

www.banorte.com/analisiseconomico
@analisis_fundam

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
Mexico					
8:00	Timely Indicator of Economic Activity* - Sep	% y/y	--	--	3.4
United States					
8:30	Initial jobless claims* - Oct 14	thousands	218	212	209
8:30	Philadelphia Fed* - Oct	index	-7.0	-7.0	-13.5
9:00	Fed's Jefferson Delivers Welcoming Remarks				
10:00	Existing home sales** - Sep	millions	--	3.9	4.0
12:00	Fed's Powell Speaks at the Economic Club of New York				
13:20	Fed's Goolsbee Participates in Moderated Q&A				
13:30	Fed's Barr Speaks About Stress Testing				
16:00	Fed's Bostic Speaks at the New School Univeristy Center				
17:30	Fed's Harker Speaks on Economic Outlook				
19:00	Fed's Logan Speaks in New York				
China					
21:15	1-Year Loan Prime Rate	%	--	3.45	3.45
21:15	5-Year Loan Prime Rate	%	--	4.20	4.20

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	4,348.50	0.1%
Euro Stoxx 50	4,098.97	-0.2%
Nikkei 225	31,430.62	-1.9%
Shanghai Composite	3,005.39	-1.7%
Currencies		
USD/MXN	18.29	0.2%
EUR/USD	1.06	0.4%
DXY	106.33	-0.2%
Commodities		
WTI	87.61	-0.8%
Brent	90.68	-0.9%
Gold	1,955.58	0.4%
Copper	359.70	0.3%
Sovereign bonds		
10-year Treasury	4.92	1pb

Source: Bloomberg

Equities

- **Negative movements in equity markets with investors assessing the Hamas-Israel conflict and digesting corporate reports with diverging signals, highlighting Tesla's yesterday (-6% on pre-market) below expectations, while Netflix (+14%) beat expectations by posting the best quarter for subscriber growth in years**

- **In Asia the markets closed negative. In Europe stocks decline, the Eurostoxx sheds 0.2%. In turn, in the US the futures of main indices are mixed and show little changes**

- **Out of the 16 S&P500 companies scheduled to report today, 14 have already updated investors with most outperforming estimates, including AT&T, Philip Morris International, and Union Pacific. In Mexico, Gmxt surprised with profitability pressures, which could impact the stock price. Figures from Kimber, Q, and Vesta are expected today**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. 10-year European rates fluctuates between +/-2bps. The Treasuries' curve loses 4bps on average and the 10-year benchmark posted new highs at 4.98%. Yesterday, Mbonos' cruve steepened as a result of 1bp losses at the short-end, while the long-end adjusted +8bps**

- **The dollar retreats, while the majority of developed currencies record a mixed bias with NZD (-0.5%) and CHF (+0.3%) at the extremes. In EM, the bias is also mixed with ZAR (-0.7%) narrowing losses. Meanwhile, MXN depreciates 0.3% to 18.29 per dollar, widening yesterday's losses of 1.3%**

- **Crude-oil falls approximately 1.0%, after the US suspended some sanctions on Venezuelan oil and other commodities. In this sense, the crude-oil production of Veneuela is expected to incrase in 200 Kbbl. Metals trade with a mixed bias, with gold (-0.2%) and copper (+0.4%)**

Corporate Debt

- **HR Ratings affirmed Nacional Financiera's rating at 'HR AAA' with Stable outlook. The ratification is based on the explicit support it receives from the Federal Government for the fulfilment of its obligations**

- **HR Ratings affirmed the ratings of issuances AB&CCB 22 / 22-2 (AB&C Leasing's ABS) at 'HR AAA (E)' with Stable outlook. The rating is based on the Maximum Default that supports the structure in a stress scenario of 18.8%**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,665.08	-1.0%
S&P 500	4,314.60	-1.3%
Nasdaq	13,314.30	-1.6%
IPC	49,274.78	-0.8%
Ibovespa	114,059.64	-1.6%
Euro Stoxx 50	4,105.86	-1.1%
FTSE 100	7,588.00	-1.1%
CAC 40	6,965.99	-0.9%
DAX	15,094.91	-1.0%
Nikkei 225	32,042.25	0.0%
Hang Seng	17,732.52	-0.2%
Shanghai Composite	3,058.71	-0.8%
Sovereign bonds		
2-year Treasuries	5.22	1pb
10-year Treasuries	4.91	8pb
28-day Cetes	11.06	11pb
28-day TIIE	11.51	0pb
2-year Mbono	11.02	0pb
10-year Mbono	10.01	11pb
Currencies		
USD/MXN	18.25	1.3%
EUR/USD	1.05	-0.4%
GBP/USD	1.21	-0.4%
DXY	106.57	0.3%
Commodities		
WTI	88.32	1.9%
Brent	91.50	1.8%
Mexican mix	84.11	2.0%
Gold	1,947.55	1.3%
Copper	358.70	0.2%

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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Directory

Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251

Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957

Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000

Luis Leopoldo López Salinas
Economist, Global Internacional
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Manuel Jiménez Zaldívar
Director of Market Strategy
manuel.jimenez@banorte.com
(55) 5268 - 1671

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249

Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com (55) 1670 - 2250

Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Isaías Rodríguez Sobrino
Analyst, Fixed Income, FX and Commodities
isaias.rodriguez.sobrino@banorte.com
(55) 1670 - 2144

Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis

Alejandro Cervantes Llamas Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608

Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220

José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000

Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000

Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000

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