

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets lower, government bond yields up, and USD mixed. Investors react to pressures on the 10-year UST which breached 5%, negative news about some corporates in the middle of the earnings season, and show persistent caution because of the conflict between Israel and Hamas
- Meanwhile, results from Argentina's presidential election are in. The Economy Minister, Sergio Massa, had a stronger-than-expected performance as he obtained 37% of the votes. This will force a second-round next month against Javier Milei, which obtained 30%
- No relevant economic data today in Mexico and the US. In the Eurozone, October's consumer confidence. Moreover, focus on earnings reports in the US and Mexico
- Market attention this week on October's PMI indicators in the US, the Eurozone, and the United Kingdom, to gauge the strength of the global economy and regional differences. In addition, on the ECB decision, which is expected to keep interest rates unchanged
- In monetary policy, the Fed will start its silence period ahead of its November 1st decision. Moreover, decisions in Israel, Hungary, Canada, Turkey, Chile, and Russia
- The UN Security Council will debate about the conflict in the Middle East. The European Council meeting will be held in Brussels
- Other US data includes 3Q23 GDP, personal income & spending, PCE deflator, new home sales, trade balance, durable goods orders (Sep), and U. of Michigan consumer confidence (Oct). Going to other regions, we only highlight the IFO survey in Germany (Oct); unemployment rate (Aug) in the UK; and consumer prices (1H-Oct) in Brazil
- In Mexico, the GDP-proxy IGAE for August grew 0.4% m/m. Other releases in coming days include inflation for the first half of October, unemployment rate, and trade balance (Sep)

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Economic activity indicator (IGAE) - Aug	% y/y	3.5	3.5	3.2
8:00	Economic activity indicator (IGAE)* - Aug	% m/m	0.3	0.3	0.2
Eurozone					
10:00	Consumer confidence* - Oct (P)	index	--	-18.4	-17.8

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	4,234.50	-0.3%
Euro Stoxx 50	4,017.43	-0.2%
Nikkei 225	30,999.55	-0.8%
Shanghai Composite	2,939.29	-1.5%
Currencies		
USD/MXN	18.30	0.3%
EUR/USD	1.06	0.1%
DXY	106.12	0.0%
Commodities		
WTI	87.60	-1.3%
Brent	91.85	-0.3%
Gold	1,978.76	-0.1%
Copper	355.25	-0.3%
Sovereign bonds		
10-year Treasury	4.99	7pb

Source: Bloomberg

Equities

- Negative sentiment as concerns about slower economic growth increase, while the outlook for higher rates for a prolonged period of time remains high
- US futures anticipate a negative opening and the S&P500 falls 0.3% below its theoretical value. Meanwhile, Europe trades with losses and the Eurostoxx is sliding 0.2%, dragged down by the utilities sector. Likewise, Asia closed with losses. For the Mexbol Index, we anticipate a weekly trading range between 47,400 and 49,400pts
- On the corporate front, there will be an increased flow of reports with 162 S&P500 companies this week, highlighting: Alphabet, Amazon and Meta. In Mexico, 28 IPC companies' numbers will be released. At the close, we are expecting earnings from Alfa and subsidiaries, Asur, Gap, and Ra

Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. 10-year European rates up 4bps, while the Treasuries' curve steepened, with the 30-year UST yield reaching fresh highs since 2007 at 5.14% (+6bps). Last week, long-term Mbonos recorded a 17bps sell-off, with the 10-year benchmark closing at 9.95% (+19bps w/w)
- Dollar with few changes and mixed performance in developed and emerging currencies. In the former group, EUR (+0.1%) and SEK (-0.5%) stand at the extremes. In EM, MXN trades at 18.30 per dollar (-0.3%), extending losses from the previous week of -0.8%
- Crude-oil steady, albeit with prices remaining high as talks over hostage releases were said to potentially delay a ground invasion of Gaza by Israel. Widespread losses in metals, with copper falling to 5-month lows (-0.3%)

Corporate Debt

- This week we expect auction activity to continue with one unsecured bond from América Móvil (AMX 23-3, MXN 3.0 billion), as well as a bank issue from Banco Actinver (BACTIN 23, MXN 2.0 billion)
- Following the week's placements, we anticipate that October will close with a negative balance in the annual comparison. However, with information from the pipeline, we expect dynamism in the final months of the year
- S&P Global Ratings affirmed Inmobiliaria Ruba's 'mxAA-' rating. The company continued to report solid operating and financial indicators amid a challenging economic environment, supported by its flexibility to adapt its housing supply to market demand

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,127.28	-0.9%
S&P 500	4,224.16	-1.3%
Nasdaq	12,983.81	-1.5%
IPC	48,275.91	-1.1%
Ibovespa	113,155.28	-0.7%
Euro Stoxx 50	4,024.68	-1.6%
FTSE 100	7,402.14	-1.3%
CAC 40	6,816.22	-1.5%
DAX	14,798.47	-1.6%
Nikkei 225	31,259.36	-0.5%
Hang Seng	17,172.13	-0.7%
Shanghai Composite	2,983.06	-0.7%
Sovereign bonds		
2-year Treasuries	5.07	-9pb
10-year Treasuries	4.91	-8pb
28-day Cetes	11.27	17pb
28-day TIIE	11.51	0pb
2-year Mbono	10.99	-3pb
10-year Mbono	9.97	-5pb
Currencies		
USD/MXN	18.24	-0.5%
EUR/USD	1.06	0.1%
GBP/USD	1.22	0.2%
DX	106.16	-0.1%
Commodities		
WTI	88.75	-0.7%
Brent	92.16	-0.2%
Mexican mix	84.58	-0.3%
Gold	1,981.40	0.4%
Copper	356.30	-1.1%

Source: Bloomberg

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