

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets with positive bias, government bond yields mixed, crude-oil and USD up. Investors focus on developments in Israel-Hamas war, while assess if the recent sell-off in the fixed-income market was excessive after 10-year Treasury reached 5.00%
- Republicans will try again to elect the speaker of the House of Representatives after the two previous candidates did not achieve enough support to win the position, with Representative Tom Emmer (Minnesota) being the favorite for the nomination
- Regarding economic figures, in the US the PMI indicators for October will be published, where it is estimated that both, manufacturing and services, will be slightly below the neutral level of 50pts
- In the Eurozone, these figures for the same month reflected a deterioration in both sectors, with manufacturing falling from 43.4pts to 43.0pts and services to 47.8pts from 48.7pts previously. This reinforces expectations of a stagflation scenario. Meanwhile, in the United Kingdom manufacturing rose, but remained in contraction and services fell marginally to 49.2pts from 49.3pts the previous month
- In Mexico, INEGI released inflation for 1H-October at 0.24% 2w/2w, with the core also at 0.24%. As such, the annual print moderated to 4.27% from 4.47% in the previous fortnight

The most relevant economic data...

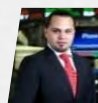
	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Consumer prices - Oct 15	% m/m	0.32	0.31	0.13
8:00	Core - Oct 15	% m/m	0.19	0.19	0.11
8:00	Consumer prices - Oct 15	% y/y	4.35	4.34	4.47
8:00	Core - Oct 15	% y/y	5.49	5.49	5.74
11:00	International reserves - Oct 20	US\$bn	--	--	204.1
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes; 5-year Mbono (Mar'29); 30-year Udibono (Nov'50) and 1-, 3-, and 7-year Bondes F				
United States					
9:45	Manufacturing PMI* - Oct (P)	index	49.4	49.4	49.8
9:45	Services PMI* - Oct (P)	index	--	49.9	50.1
9:45	Composite PMI* - Oct (P)	index	--	50.0	50.2

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	4,267.25	0.6%
Euro Stoxx 50	4,055.11	0.3%
Nikkei 225	31,062.35	0.2%
Shanghai Composite	2,962.24	0.8%
Currencies		
USD/MXN	18.16	0.1%
EUR/USD	1.06	-0.4%
DXY	105.93	0.4%
Commodities		
WTI	85.48	0.0%
Brent	89.85	0.0%
Gold	1,964.61	-0.4%
Copper	359.05	0.1%
Sovereign bonds		
10-year Treasury	4.84	-1pb

Source: Bloomberg

Equities

- Stock markets with positive bias, while investors are assessing the latest corporate reports, as well as paying attention to the results of Alphabet and Microsoft at the market close
- Futures in the US anticipate a bullish opening and the S&P500 is up 0.6% above its theoretical value. Europe trades with gains and the Eurostoxx is rising 0.3%, driven by the consumer staples sector. Asia closed with positive bias, highlighting the increase in Shanghai (+0.8%) after the activation of the Chinese sovereign wealth fund
- Out of 35 S&P500 companies that are due to release results today, 25 have already done so, most of them better than expected. In Mexico, yesterday Alfa reported operating results in line with expectations, with weakness in Alpek; Asur registered moderate growth and Gap reflected a drop in profitability beyond expectations. At the market close, figures from Alsea, Chdraui, Gcc, Liverpool and Volar are expected

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. 10-year European rates decrease 3bps, while the yields on Treasuries increase in the margin. Yesterday, Mbonos recorded a 2bps sell-off, with the 10-year benchmark closing at 9.99% (+4bps)
- Dollar advance against most of the developed currencies with SEK (-0.6%) as the weakest. In EM, the bias is mixed with RUB (+1.0%) and HIF (-0.8%) at the extremes. The MXN trades at 18.16 per dollar (-0.1%), diluting part of the yesterday's gains of 0.5%
- Crude-oil is slightly positive as investors weigh developments in the Middle East war and weak economic data signaling the Eurozone might be in recession. In metals, copper up 0.1% and gold down 0.4%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	32,936.41	-0.6%
S&P 500	4,217.04	-0.2%
Nasdaq	13,018.33	0.3%
IPC	48,197.88	-0.2%
Ibovespa	112,784.52	-0.3%
Euro Stoxx 50	4,041.75	0.4%
FTSE 100	7,374.83	-0.4%
CAC 40	6,850.47	0.5%
DAX	14,800.72	0.0%
Nikkei 225	30,999.55	-0.8%
Hang Seng	17,172.13	0.0%
Shanghai Composite	2,939.29	-1.5%
Sovereign bonds		
2-year Treasuries	5.05	-3pb
10-year Treasuries	4.85	-6pb
28-day Cetes	11.33	6pb
28-day TIIE	11.51	0pb
2-year Mbono	11.04	4pb
10-year Mbono	10.00	4pb
Currencies		
USD/MXN	18.14	-0.5%
EUR/USD	1.07	0.7%
GBP/USD	1.22	0.7%
DX	105.54	-0.6%
Commodities		
WTI	85.49	-3.7%
Brent	89.83	-2.5%
Mexican mix	82.38	-2.6%
Gold	1,972.85	-0.4%
Copper	358.65	0.7%

Source: Bloomberg

Corporate Debt

- Fibra Hotel and Fibra Danhos announced the signing of a 50-50 joint venture agreement for the development of a luxury hotel in the Yucatan Peninsula. According to the press release, to date the land and development rights for the project have been acquired. Currently, Fibra Hotel is rated 'AA-(mex)' and 'HR AA-' by Fitch Ratings and HR Ratings. Fibra Danhos is rated 'AAA(mex)' by Fitch Ratings and 'HR AAA' by HR Ratings
- CIBanco presented the calculation of the Debt Service Coverage Ratio (DSCR) of its VOLARCB 19 / 21L / 23 issuances, which stood at 18.20x. The reserve level is the maximum amount of the sum of the following six interest payment coupons, which are calculated with the contracted CAP of 10% plus the 175bps spread for VOLARCB 19 plus the contracted CAP of 10% plus the 200bps spread for VOLARCB 21L plus the contracted CAP of 13% plus the 215bps spread for VOLARCB 23

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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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