

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets higher, government bond yields mixed, and USD down. Bargain purchases after recent moves and more optimism as Israel's ground invasion of Gaza has been more cautious than feared, reducing the risk at the margin of a wider regional conflict. In turn, it also helps oil prices move lower, which is good news for central banks
- Today's data includes October's inflation in Germany. At night, PMIs for the same month in China, along with Japan's central bank decision
- Market attention this week to the monetary policy decisions of the Fed and BoE. For the former, we see no changes to the rate range of 5.25% to 5.50%, albeit leaving the door open for one more hike. In the latter, consensus sees an unchanged rate at 5.25%
- Moreover, we will know the nonfarm payrolls report for October in the US. We estimate 145k new jobs, with the unemployment rate staying at 3.8%. We forecast 3Q23 GDP in Mexico at 3.2% y/y (0.8% q/q), in line with analysts' consensus
- In monetary policy, decisions also in Colombia, Bulgaria, Brazil, Malaysia, Norway, Czech Republic, and Egypt
- Other US data includes the housing price index (Aug), factory and durable goods orders (Sep), ISM manufacturing and services, vehicle sales, ADP employment, and consumer confidence (Oct)
- In Mexico, and apart from GDP, gross fixed investment, private consumption (Aug), banking credit, family remittances (Sep), IMEF's PMIs (Oct), and the expectations survey from Banxico

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	GER Gross domestic product* - 3Q23 (P)	% q/q	--	-0.2	0.0
6:00	Economic confidence* - Oct	index	--	93.0	93.3
9:00	GER Consumer prices - Oct (P)	% y/y	--	3.3	4.3
<b>Mexico</b>					
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 10-year Mbono (May'33); 3-year Udibono (Dec'26) and 2-, 5-, and 10-year Bondes F				
14:30	Public finances (PSBR, year-to-date) - Sep	MXNm	--	--	-672.9
<b>China</b>					
21:30	Manufacturing PMI* - Oct	index	--	50.2	50.2
21:30	Non-manufacturing PMI* - Oct	index	--	51.8	51.7
21:30	Composite PMI* - Oct	index	--	--	52.0

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.
<b>Equity indices</b>		
S&P 500 Futures	4,165.75	0.7%
Euro Stoxx 50	4,048.63	0.9%
Nikkei 225	30,696.96	-1.0%
Shanghai Composite	3,021.55	0.1%
<b>Currencies</b>		
USD/MXN	18.02	-0.5%
EUR/USD	1.06	0.2%
DXY	106.41	-0.1%
<b>Commodities</b>		
WTI	84.44	-1.3%
Brent	89.49	-1.1%
Gold	1,995.54	-0.5%
Copper	370.45	1.6%
<b>Sovereign bonds</b>		
10-year Treasury	4.88	5pb

Source: Bloomberg

## Equities

- The week kicks off with favorable sentiment as investors assess results with a positive bias in the 3Q23 earnings season, while risks seem stable in the Middle East
- US futures anticipate a positive opening, with the S&P500 up 0.7%. Meanwhile, Europe trades higher and the Eurostoxx is climbing 0.9%. Asia closed mixed. For the Mexbol Index, we anticipate a weekly trading range between 48,000 and 49,800pts
- On the corporate front, an important flow of information will follow with reports from 163 S&P500 companies this week, highlighting: Apple, Caterpillar, CVS, and Pfizer, to name a few. In Mexico, the season is practically over

## Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. Most of 10-year European rates increase 2bps, except in Germany and Sweden. The Treasuries' curve selling off 7bps in the belly. Last week, long-term Mbonos lost 16bps, with the 10-year benchmark closing at 10.11% (+16bps w/w) after reaching highs not seen since 2008 at 10.25%
- Dollar slightly negative, while most developed and emerging currencies advance. In the former, AUD (+0.6%) and JPY (-0.1%) stand at the extremes. In EM, MXN trades at 18.02 per dollar (+0.5%), extending gains from the previous week of 0.7%
- Crude-oil began the week with losses as Israel's heightened push into the Gaza Strip have yet to evoke significant military retaliation from Iran, lessening concerns that regional crude supplies may be interrupted. In metals, industrials print gains above 1.0%

## Corporate Debt

- We anticipate greater dynamism in November, with close to MXN 33.8 billion to be placed, highlighting Fonadín's participation with the equivalent in Udis of up to MXN 20 billion through three bonds. Likewise, in the banking sector, Banco Actinver is expected to auction a MXN 2 billion bond during this week
- Unifin Financiera informed that, together with creditors representing more than 86% of its recognized credits, it requested the extension of the conciliation stage for a second and final extension for an additional 90 calendar days
- HR Ratings ratified Metrofinanciera's ratings at 'HR B' and 'HR5' and modified the Negative Outlook to Negative Observation, due to the financial performance observed in the company in the last twelve months

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	32,417.59	-1.1%
S&P 500	4,117.37	-0.5%
Nasdaq	12,643.01	0.4%
IPC	48,973.85	-0.4%
Ibovespa	113,301.35	-1.3%
Euro Stoxx 50	4,014.36	-0.9%
FTSE 100	7,291.28	-0.9%
CAC 40	6,795.38	-1.4%
DAX	14,687.41	-0.3%
Nikkei 225	30,991.69	1.3%
Hang Seng	17,398.73	2.1%
Shanghai Composite	3,017.78	1.0%
<b>Sovereign bonds</b>		
2-year Treasuries	5.00	-4pb
10-year Treasuries	4.83	-1pb
28-day Cetes	11.27	2pb
28-day TIIE	11.51	0pb
2-year Mbono	10.94	-6pb
10-year Mbono	10.13	0pb
<b>Currencies</b>		
USD/MXN	18.11	-0.2%
EUR/USD	1.06	0.0%
GBP/USD	1.21	-0.1%
DX	106.56	0.0%
<b>Commodities</b>		
WTI	85.54	2.8%
Brent	90.48	2.9%
Mexican mix	82.09	2.7%
Gold	2,006.37	1.1%
Copper	364.60	1.7%

Source: Bloomberg

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