

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields down, and USD slightly down with investors assessing weak economic data in China, a more flexible approach to yield control by BoJ, and developments in the Middle East as they await the FOMC's decision, Powell's comments and the issuance in longer-date Treasuries tomorrow**
- **PMIs in China came in below estimates, adding to signs of a slower-than-estimated recovery. The manufacturing index fell to contraction territory at 49.5pts from 50.2 previously**
- **In the US, housing price index for August and the Conference Board's consumer confidence index for October will be released. China will publish the Caixin manufacturing PMI**
- **On the monetary policy front, Colombia is expected to keep its reference rate unchanged at 13.25%**
- **In Mexico, INEGI published 3Q23 preliminary GDP, posting a 0.9% q/q expansion (3.3% y/y nsa). By sectors, primary activities grew 3.2% q/q (+5.6% y/y), with industry at +1.4% q/q (+4.5% y/y), and services at +0.6% q/q (+2.5% y/y). Later, September's banking credit will be released**

The most relevant economic data...

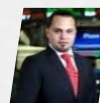
	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
6:00	Gross domestic product - 3Q23 (P)	% y/y	--	0.2	0.5
6:00	Gross domestic product* - 3Q23 (P)	% q/q	--	0.0	0.1
6:00	Consumer prices - Oct (P)	% y/y	--	3.1	--
6:00	Core - Oct (P)	% y/y	--	4.2	4.5
Mexico					
8:00	Gross domestic product - 3Q23 (P)	% y/y	3.2	3.5	3.6
8:00	Gross domestic product* - 3Q23 (P)	% q/q	0.8	--	0.8
11:00	International reserves - Oct 27	US\$bn	--	--	204.1
11:00	Banking credit - Sep	% y/y	6.0	--	6.0
United States					
9:00	S&P/CoreLogic housing prices - Aug	% y/y	--	--	0.1
10:00	Consumer confidence* - Oct	index	100.0	100.0	103.0
Colombia					
14:00	Monetary policy decision (BanRep)	%	--	13.25	13.25
China					
21:45	Manufacturing PMI (Caixin)* - Oct	index	--	50.8	50.6

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

October 31, 2023


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/analiseconomico
@analisis_fundam



Winners of the 2023 award for best Mexico economic, forecasters, granted by Focus Economics

Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,192.75	0.2%
Euro Stoxx 50	4,067.20	1.0%
Nikkei 225	30,858.85	0.5%
Shanghai Composite	3,018.77	-0.1%
Currencies		
USD/MXN	17.98	-0.4%
EUR/USD	1.06	0.1%
DXY	106.23	0.1%
Commodities		
WTI	82.87	0.7%
Brent	88.02	0.7%
Gold	1,996.10	0.0%
Copper	365.50	-0.1%
Sovereign bonds		
10-year Treasury	4.85	-5pb

Source: Bloomberg

Equities

- Positive equity markets, with investors evaluating mostly favorable quarterly company results
- US futures anticipate a positive opening with the S&P500 trading 0.2% above its theoretical value. In the same line, Europe trades upwards, with the Eurostoxx advancing 1.0%, registering the highest gains in the materials and utilities sector. Asia closed mixed, with the Hang Seng dropping 1.7%
- Of the 30 S&P500 companies reporting today, 18 have already released their numbers; most of them with positive earnings surprises, among them: Amgen (increased revenue guidance), Pfizer and Caterpillar. Although the last one's share price fell 4.8% on pre-market after announcing a lower sales growth for 4Q23. In Mexico, Gf Norte's results will be released today

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. 10-year European rates decrease 6bps, while Treasuries' curve flattened with gains of up to 8bps at the long-end. Thus, 30-year reference stands below 5.00%. Yesterday, Mbonos recorded a 9bps sell-off, on average, the 10-year benchmark closed at 10.23% (+13bps), and the risk premium increased to 534bps
- Dollar is weaker against most G10 currencies, except JPY (-1.1%) that trade at its weakest level since 1990 above 150 per dollar. In EM, the bias is positive with ZAR and CLP (+0.8%) leading the gains. The MXN trades at 17.98 per dollar (+0.4%), scoring four positive sessions in a row
- Crude-oil is slightly positive after a steep drop of almost 4.0% spurred by signs that the Israel-Hamas war will remain contained while demand may be softening. Widespread losses in industrial metals following increased economic fragility in China

Corporate Debt

- CEMEX announced that it has refinanced its US\$3.0 billion syndicated credit facility, extending its maturity to 2028. The refinanced facility consists of a US\$1.0 billion term loan, amortizing over five years, and a US\$2.0 billion revolving credit facility
- Grupo Bimbo informed that through its subsidiary Bimbo Bakeries USA, it issued senior notes for US\$450 million with a coupon of 6.05% maturing in 2029 and senior notes for 6.40% maturing in 2034
- Fortaleza Materiales announced that it will prepay its issuance FORTALE 22, with an outstanding amount of MXN 2.0 billion, on November 9, 2023

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	32,928.96	1.6%
S&P 500	4,166.82	1.2%
Nasdaq	12,789.48	1.2%
IPC	49,277.36	0.6%
Ibovespa	112,531.52	-0.7%
Euro Stoxx 50	4,028.32	0.3%
FTSE 100	7,327.39	0.5%
CAC 40	6,825.07	0.4%
DAX	14,716.54	0.2%
Nikkei 225	30,696.96	-1.0%
Hang Seng	17,406.36	0.0%
Shanghai Composite	3,021.55	0.1%
Sovereign bonds		
2-year Treasuries	5.05	5pb
10-year Treasuries	4.89	6pb
28-day Cetes	11.08	-19pb
28-day TIIE	11.50	0pb
2-year Mbono	10.96	2pb
10-year Mbono	10.23	10pb
Currencies		
USD/MXN	18.05	-0.4%
EUR/USD	1.06	0.5%
GBP/USD	1.22	0.4%
DX	106.12	-0.4%
Commodities		
WTI	82.31	-3.8%
Brent	87.45	-3.3%
Mexican mix	79.27	-3.4%
Gold	1,996.10	-0.5%
Copper	365.85	0.3%

Source: Bloomberg

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalia Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Paula Lozoya Valadez, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cautencos Mora and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
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.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



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



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

Market Strategy



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



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



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



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



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



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



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



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



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



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



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



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



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000



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



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



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



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



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



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



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



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



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



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