

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, with government bond yields lower while the USD weakens. US labor market figures support a positive sentiment, although investors still assimilate mixed corporate earnings, including some discouraging figures from *Apple*
- Specifically, October's employment report in the US showed 150 thousand new jobs, slightly below expectations. In addition, the unemployment rate rose to 3.9%, with a marginal decline in participation. Wages were broadly stable, still to the upside. Later we will be looking into the Services ISM and final Services & Composite PMI indicators. In Mexico, investment in August rose 3.1% m/m (32% y/y) driven once again by construction. Meanwhile, consumption in the same month grew 0.5% m/m (4.1% y/y), with imported goods rebounding quite heavily
- On the monetary front we await comments from Kashkari (Minneapolis), Barkin (Richmond), Bostic (Atlanta), and Barr (Fed Board), with special attention on their interpretation on the results from the jobs report. In addition, we also highlight comments from Treasury Secretary, Janet Yellen
- In other news, Secretary of State, Antony Blinken, arrived in Israel, where his goal was to look for pauses in the Israeli offense in Gaza with humanitarian goals. Nevertheless, military operations have continued in the region

November 3, 2023



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
3:00	GER Trade balance - Sep	EURbn	--	16.3	16.5
5:30	UK Services PMI* - Oct (F)	index	--	49.2	49.2
6:00	EZ Unemployment rate* - Sep	%	--	6.4	6.4
Mexico					
8:00	Gross fixed investment - Aug	% y/y	29.3	27.6	29.1
8:00	Gross fixed investment* - Aug	% m/m	1.9	1.2	0.5
8:00	Private consumption - Aug	% y/y	4.2	4.0	4.0
8:00	Private consumption* - Aug	% m/m	0.5	--	0.0
United States					
8:30	Nonfarm payrolls* - Oct	thousands	145	183	336
8:30	Unemployment rate* - Oct	%	3.8	3.8	3.8
9:45	Services PMI* - Oct (F)	index	--	50.9	50.9
9:45	Composite PMI* - Oct (F)	index	--	--	51.0
10:00	ISM services* - Oct	index	53.5	53.2	53.6

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	4,348.25	0.3%
Euro Stoxx 50	4,168.46	0.0%
Nikkei 225	31,949.89	0.0%
Shanghai Composite	3,030.80	0.7%
Currencies		
USD/MXN	17.54	0.2%
EUR/USD	1.06	0.2%
DXY	105.92	-0.2%
Commodities		
WTI	83.00	0.7%
Brent	87.23	0.4%
Gold	1,988.32	0.1%
Copper	366.45	-0.2%
Sovereign bonds		
10-year Treasury	4.64	-2pb

Source: Bloomberg

Equities

- Markets react positively to the newly released US employment figures. Futures anticipate a positive open with the S&P 500 trading 0.3% above its theoretical value
- We see mixed signals in corporate earnings, while *Apple* warns of the expectation of a weak Holiday quarter, given China's slowdown. Today, 8 companies will release its figures, including *Sempra* and *Dominion Energy*. We already have ~80% of the reports of companies in the S&P500 and there is a cumulative increase of 2.2% in profits vs -1.1%. The positive surprise rate stands at 81.6%
- On the local corporate front, Orbia finally signed an agreement with *Solvay* to produce polyvinylidene fluoride (PVDF), used in the manufacture of lithium-ion batteries, and create the largest lithium-ion battery capacity in North America. This is strategically positive news, despite the challenges that prevail in the short term

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. European 10-year rates decline by up to 3bps while the Treasuries yield curve trades with gains of up to 2bps in the mid-end. Yesterday, while the local market was closed for a holiday, Treasuries closed with gains of up to 13bps at the longest nodes. The 30-year UST closed at 4.80% (-13bps)
- The dollar weakens against all G10 currencies, where SEK (+0.6%) is the strongest. Meanwhile, in emerging markets, trading is mixed with KRW (+1.6%) and PHP (+1.1%) leading the gains. The Mexican peso is the weakest at 17.55 per dollar (-0.2%) and is reversing some of yesterday's gains
- Crude-oil futures advance 0.6% with investors weighing the risks of war in the Middle East and the effects of tight monetary policy. Most industrial metals are up, except for copper which trades down 0.2%

Corporate Debt

- Fitch Ratings upgraded Almacénadora Mercader's long-term rating to 'A+(mex)' from 'A(mex)' and affirmed the short-term rating at 'F1(mex)'. The outlook is Stable. The upgrade reflects the strengthening of its financial profile, mainly of its leverage, derived from the benefits inherent to its leadership in the storage segment
- Fitch Ratings affirmed Crediclub's long-term and short-term ratings at 'A-(mex)' and 'F2(mex)', respectively, and removed the Positive Watch. The outlook is Stable. The rating action considers that, while the capital infusion remains in place, given the accelerated growth of the loan portfolio, it will be sufficient to return the company's leverage to levels consistent with its current rating

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,839.08	1.7%
S&P 500	4,317.78	1.9%
Nasdaq	13,294.19	1.8%
IPC	49,787.84	0.0%
Ibovespa	115,052.96	0.0%
Euro Stoxx 50	4,169.62	1.9%
FTSE 100	7,446.53	1.4%
CAC 40	7,060.69	1.8%
DAX	15,143.60	1.5%
Nikkei 225	31,949.89	1.1%
Hang Seng	17,230.59	0.8%
Shanghai Composite	3,009.41	-0.5%
Sovereign bonds		
2-year Treasuries	4.99	5pb
10-year Treasuries	4.66	-8pb
28-day Cetes	11.04	0pb
28-day TIIE	11.51	0pb
2-year Mbono	10.95	0pb
10-year Mbono	10.10	0pb
Currencies		
USD/MXN	17.52	-1.4%
EUR/USD	1.06	0.5%
GBP/USD	1.22	0.4%
DX	106.12	-0.7%
Commodities		
WTI	82.46	2.5%
Brent	86.85	2.6%
Mexican mix	78.45	0.0%
Gold	1,985.78	0.2%
Copper	367.25	0.6%

Source: Bloomberg

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