Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today...

- **Stock markets negative, government bond yields down, and USD stronger, with investors awaiting more information from Fed officials on the rate outlook after Kashkari said it is too soon to declare victory over inflation**

- **In this sense, on the monetary front we will be looking into comments from several Fed members, including Kashkari, Goolsbee, Barr, Schmid, Waller, Williams, and Logan**

- **On economic data, September's IP in Germany surprised lower at -1.4% m/m, adding four months of losses. This result revives fears of a recession for Europe's largest economy. In the US, September's trade balance and consumer credit will be published later**

- **In other news, House Republicans are preparing another extension to government spending to avoid a government shutdown –remembering that the current measure ends on November 17th–**

- **In Mexico, the Lower House approved in general terms the 2024 Spending Budget, with 262 votes in favor, 216 against and 1 abstention. Thus, today's discussions will address particular items to define the final bill**

- **The IMF improved the growth outlook for China to 5.4% in 2023 and 4.6% in 2024. In this sense, PBoC officials mentioned that the economy remains stable and looks promising in the long-term**

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

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Industrial production* - Sep	% m/m	--	-0.2	-0.2
United States					
8:30	Trade balance* - Sep	US$bn	--	-60.1	-58.3
11:00	Fed's Waller speaks at St. Louis Fed's conference				
13:00	Fed's Williams moderates discussion in New York				
13:25	Fed's Logan Participates in Moderated Discussion				
13:30	Fed's Logan Speaks at Dallas/Kansas City Fed Energy Conference				
15:00	Consumer credit*-Sep	USDbn	--	9.5	-15.6
Mexico					
10:00	International reserves - Nov 3	US$bn	--	--	204.2
12:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43) and 1-, and 3-year Bondes F				
15:30	Survey of expectations (Citibanamex)				

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	4,373.75	-0.2%
Euro Stoxx 50	4,141.85	-0.4%
Nikkei 225	32,271.82	-1.3%
Shanghai Composite	3,057.27	0.0%
Currencies		
USD/MXN	17.55	0.0%
EUR/USD	1.07	-0.3%
DXY	105.62	0.4%
Commodities		
WTI	79.44	-1.7%
Brent	83.64	-1.8%
Gold	1,961.52	-0.8%
Copper	366.30	-1.5%
Sovereign bonds		
10-year Treasury	4.63	-1pb

Source: Bloomberg

Equities

- **Negative movements in equity markets as investors weigh monetary outlook and assimilate corporate results with mostly positive signals**

- **In Asia the markets closed negative. In Europe stocks decline, the Eurostoxx sheds 0.4%. Shares from energy and health care sectors lead losses. UBS rises more than 3% after better-than-expected report. In turn, in the US the futures of main indices point to a negative opening by falling 0.2% on average, after the recent rally**

- **Out of the 21 S&P500 companies scheduled to report today, 7 have already updated investors with most outperforming estimates. In Mexico, Asur showed a y/y drop in October passengers due to greater weakness in Colombia; Oma slowed growth, although it was the sector's highest performer; and at Volar, aircraft maintenance stoppages affected traffic**

Sovereign fixed income, currencies and commodities

- **Modest positive balance in sovereign bonds. 10-year European yields decrease 4bps, except gilts that adjust -6bps. Meanwhile, Treasuries print gains of 1bp with the 10-year benchmark at 4.63% after trading close to 5.0% at mid-October. Yesterday, Mbonos lost 3bps, on average, with the Mbono May'33 closing at 9.81% (+6bps)**

- **Dollar is stronger against all G10 currencies, with AUD (-1.0%) as the weakest. In EM, RUB (+0.4%) and BRL (+0.1%) are the only with gains. Meanwhile, MXN trades with few changes at 17.55 per dollar, after a 0.5% depreciation yesterday**

- **Widespread losses in commodities. The US crude-oil futures fell below 80 $/bbl for the first time in more than two months as fresh doubts emerge over whether Fed has finished tightening. Copper and Aluminum retreat 1.0%, following mixed China trade data**

Corporate Debt

- **Moody's Local Mexico placed the 'A-.mx' rating of the TUCACCB 08 bonds on Credit-watch Negative Review from a Stable outlook. According to the agency, the rating action reflects the uncertainty regarding the impact on the Acapulco Tunnel's future vehicular capacity and revenues due to the potential reduction in demand derived from the severe damage to the hotel and tourism infrastructure caused by Hurricane Otis**

- **The TUCACCB 08 issuance is a Future Flow backed by the collection rights and fees derived from the Acapulco Concessioned Tunnel road-tunnels, with an outstanding amount of MXN 633 million, with maturity scheduled for December 30th, 2033**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,095.86	0.1%
S&P 500	4,365.98	0.2%
Nasdaq	13,518.78	0.3%
IPC	51,633.63	0.7%
Ibovespa	118,431.25	0.2%
Euro Stoxx 50	4,158.64	-0.4%
FTSE 100	7,417.76	0.0%
CAC 40	7,013.73	-0.5%
DAX	15,135.97	-0.4%
Nikkei 225	32,708.48	2.4%
Hang Seng	17,966.59	1.7%
Shanghai Composite	3,058.41	0.9%
Sovereign bonds		
2-year Treasuries	4.93	10pb
10-year Treasuries	4.64	7pb
28-day Cetes	11.11	7pb
28-day TIIE	11.51	0pb
2-year Mbono	10.78	4pb
10-year Mbono	9.83	4pb
Currencies		
USD/MXN	17.55	0.5%
EUR/USD	1.07	-0.1%
GBP/USD	1.23	-0.3%
DXY	105.22	0.2%
Commodities		
WTI	80.82	0.4%
Brent	85.18	0.3%
Mexican mix	76.78	0.2%
Gold	1,978.14	-0.7%
Copper	371.90	1.0%

Source: Bloomberg

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 Thalía 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 Cuautencos 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.

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	Reference
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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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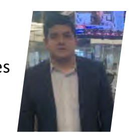

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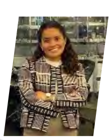

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