

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, government bond yields up, and USD with small changes, as investors continue assimilating hawkish comments from Fed's Powell, rising odds of additional hikes in interest rates, while expecting them to continue higher for longer**
- **A weak auction of UST 30-years raised concerns about investors struggling to soak up the swelling supply of new debt. Markets will be attentive to comments from the Fed's Logan, Bostic and Daly for further signals on their next decision. In addition, participations from President Lagarde and Nagel of the ECB are also expected**
- **Regarding economic figures, in the US, preliminary data for November on consumer sentiment from the University of Michigan will be published, which we estimate below current levels and with a slight moderation in 1-year inflation expectations**
- **In Mexico, INEGI published industrial production for September at 0.2% m/m (3.9% y/y). Even though manufacturing gained dynamism (1.7% m/m), there were relevant declines in mining (-1.0%) and construction (-4.1%). October's wage negotiations will be published later**

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The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|----------------------|--|-------|---------|--------|----------|
| UK | | | | | |
| 2:00 | Industrial production* - Sep | % m/m | -- | -0.1 | -0.7 |
| 2:00 | Gross domestic product - 3Q23 (P) | % y/y | -- | 0.5 | 0.6 |
| 2:00 | Gross domestic product* - 3Q23 (P) | % q/a | -- | -0.1 | 0.2 |
| Brazil | | | | | |
| 7:00 | Consumer prices - Oct | % m/m | -- | 0.30 | 0.26 |
| 7:00 | Consumer prices - Oct | % y/y | -- | 4.88 | 5.19 |
| Mexico | | | | | |
| 7:00 | Industrial production - Sep | % y/y | 3.8 | 4.2 | 5.2 |
| 7:00 | Industrial production* - Sep | % m/m | 0.1 | 0.1 | 0.3 |
| 7:00 | Manufacturing output - Sep | % y/y | -2.2 | -- | -0.6 |
| | Wage negotiations - Oct | % y/y | -- | -- | 5.1 |
| United States | | | | | |
| 8:30 | Fed's Logan Speaks at ECB Money Markets Conference | | | | |
| 10:00 | Fed's Bostic Speaks About Economic Mobility | | | | |
| 10:00 | U. of Michigan confidence* - Nov (P) | index | 62.0 | 63.5 | 63.8 |

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 | 4,365.25 | 0.1% |
| Euro Stoxx 50 | 4,192.03 | -0.9% |
| Nikkei 225 | 32,568.11 | -0.2% |
| Shanghai Composite | 3,038.97 | -0.5% |
| Currencies | | |
| USD/MXN | 17.91 | 0.5% |
| EUR/USD | 1.07 | 0.1% |
| DXY | 105.86 | 0.0% |
| Commodities | | |
| WTI | 76.74 | 1.3% |
| Brent | 81.07 | 1.3% |
| Gold | 1,947.73 | -0.6% |
| Copper | 361.50 | -0.7% |
| Sovereign bonds | | |
| 10-year Treasury | 4.60 | -2pb |

Source: Bloomberg

Equities

- Widespread falls in the stock markets as the expectation that interest rates could continue to rise is assimilated
- In the US, futures show small changes, while the S&P500 trades 0.1% above its theoretical value. In Europe, the Eurostoxx falls about 0.9% on disappointing corporate reports, including *Diageo Plc*, which surprisingly cut its expectations, and *Richemont*, which posted an unexpected drop in earnings. In Asia, the Hang Seng decreased by 1.8%
- In the final stretch of reporting in the US, we have ~91% of the results of S&P 500 companies and a cumulative increase in earnings of 2.7% vs -1.1%. The positive surprise rate stands at 81.4%
- In Mexico, the Mexbol Index may consolidate near 51,000pts

Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds as Powell's comments are digested. European 10-year bonds trade with losses of 8bps on average. Meanwhile, the Treasuries yield curve posts adjustments of -1bp on average. Yesterday, the Mbonos' curve steepened with adjustments of -4bps on the short-end and +9bps on long-term tenors. The 10-year benchmark closed at 9.67% (+2bps)
- USD trades with a positive bias while G10 and emerging market currencies recorded mixed changes. In the former group, NOK (+0.8%) and AUD (-0.3%) are at the ends. In EM, HUF (+0.6%) leads the gains and THB (-0.9%) is the weakest. Mexican peso falls 0.4% and extends yesterday's losses to trade at 17.90 per dollar
- Crude-oil futures rise 1.1% on the possibility that Saudi Arabia will extend production cuts to 2024. Industrial metals print losses, with nickel (-1.8%) standing out

Corporate Debt

- Grupo Bimbo announced the results of the public tender offer of its 3.875% Senior Notes due 2024. Of the total principal amount offered of US\$800 million, the repurchase of US\$391.6 million was accepted, at a price of US\$990.23 for each US\$1,000 of principal. The offer expired on November 3, 2023
- PCR Verum affirmed the rating of Grupo Traxión and its TRAXION 20 issuance at 'AA/M'. The outlook is stable. According to the agency, the ratings are based on its solid business position and good execution capacity, offering transportation and logistics services, reflected in the continuous increase in EBITDA and good profitability margins that have also benefited mainly from the synergies between the different companies of the Group, in addition to the good liquidity levels and adequate financial leverage indicators

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| Equity indices | | |
| Dow Jones | 33,891.94 | -0.6% |
| S&P 500 | 4,347.35 | -0.8% |
| Nasdaq | 13,521.45 | -0.9% |
| IPC | 51,071.03 | 0.1% |
| Ibovespa | 119,034.14 | -0.1% |
| Euro Stoxx 50 | 4,229.20 | 1.2% |
| FTSE 100 | 7,455.67 | 0.7% |
| CAC 40 | 7,113.66 | 1.1% |
| DAX | 15,352.54 | 0.8% |
| Nikkei 225 | 32,646.46 | 1.5% |
| Hang Seng | 17,511.29 | -0.3% |
| Shanghai Composite | 3,053.28 | 0.0% |
| Sovereign bonds | | |
| 2-year Treasuries | 5.02 | 9pb |
| 10-year Treasuries | 4.62 | 13pb |
| 28-day Cetes | 10.93 | -2pb |
| 28-day TIEE | 11.51 | 0pb |
| 2-year Mbono | 10.68 | -3pb |
| 10-year Mbono | 9.70 | 3pb |
| Currencies | | |
| USD/MXN | 17.82 | 1.6% |
| EUR/USD | 1.07 | -0.4% |
| GBP/USD | 1.22 | -0.5% |
| DXY | 105.91 | 0.3% |
| Commodities | | |
| WTI | 75.74 | 0.5% |
| Brent | 80.01 | 0.6% |
| Mexican mix | 71.52 | 0.4% |
| Gold | 1,958.55 | 0.4% |
| Copper | 364.05 | 0.1% |

Source: Bloomberg

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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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