

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets and USD mixed, with government bond yields mixed as investors are waiting for US inflation figures in a backdrop of renewed bets that the Fed may already be done with rate hikes, and could start easing policy by late 1H24
- In addition, some cautiousness prevails on speculation that the BoJ may intervene in currency markets to slow pressures on the JPY, after producer prices decelerated to just 0.8% y/y in October from 2.0% in the previous month
- No more relevant economic data today in the US. In Mexico, ANTAD's sales in October
- Market attention this week on October's inflation in the US, the Eurozone, and the UK, which will be important drivers for market participants' expectations about the path for interest rates ahead
- On the monetary policy front, we note several speeches by Lagarde of the ECB, along with those from Fed members. Monetary policy decisions in the Philippines and Uruguay
- Focus on news coming from the APEC forum, particularly about the meeting between Presidents Joe Biden and Xi Jinping, along with potential progress in the relations between the US and China
- Other relevant events include discussions in the US Congress about an extension to the period to fund the government and avoid a shutdown on Nov 18, a meeting between EU foreign ministers, and the release of growth estimates by the European Commission
- Other US data includes IP, retail sales, real estate figures (Oct), and regional manufacturing indicators (Nov). Moreover, 3Q23 GDP in the Eurozone and Japan; retail sales, industrial production, and GFI (Oct) in China; IP, trade balance, and current account (Sep) in the Eurozone; and economic activity (Sep) in Brazil
- In Mexico, no relevant economic figures. Watching the possible renewal of the country's Flexible Credit Line with the IMF, as the standing two-year agreement was approved on November 19th, 2021

The most relevant economic data...

Event/Period	Unit	Banorte	Survey	Previous
Mexico				
ANTAD same-store sales - Oct	% y/y	--	--	4.8

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

November 13, 2023



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandropadilla@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
alejandrocervantes@banorte.com



Manuel Jiménez Zaldivar
Director of Market Strategy
manuel.jimenez@banorte.com



www.banorte.com/analisiseconomico
@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	4,422.75	-0.2%
Euro Stoxx 50	4,217.17	0.5%
Nikkei 225	32,585.11	0.1%
Shanghai Composite	3,046.53	0.2%
Currencies		
USD/MXN	17.69	0.3%
EUR/USD	1.07	0.0%
DXY	105.79	-0.1%
Commodities		
WTI	77.37	0.3%
Brent	81.61	0.2%
Gold	1,937.63	-0.1%
Copper	362.25	1.0%
Sovereign bonds		
10-year Treasury	4.63	-2pb

Source: Bloomberg

Equities

- Positive bias in major indices, with investors assessing the likelihood of a less restrictive monetary scenario going forward, as well as mostly positive corporate results
- US futures anticipate a downward opening, with the S&P500 declining 0.2%. In contrast, Europe trades mostly higher, with the Eurostoxx up 0.5%. In turn, Asia closed with a positive bias. Finally, we anticipate a weekly trading range between 50,600 and 52,200pts for the Mexbol index
- In the final stretch of the earnings season, the flow of information will be limited and only 14 S&P500 companies are expected to report this week, highlighting: *Target* and *Walmart*. On the other hand, Boeing is up 3.7% in pre-market due to an aircraft purchase agreement with the United Arab Emirates, as well as the possibility of China resuming orders to the company

Sovereign fixed income, currencies and commodities

- Slightly positive balance in sovereign bonds. 10-year European rates down 3bps on average, while the Treasuries' curve adjusts up to -3bps in the belly. Last week, Mbonos outperformed Treasuries, with a 25bps rally in the short- and mid-end. Thus, the local risk premium measured by the 10-year spread declined to 498bps (-19bps)
- Dollar up amid a mixed performance in developed and emerging currencies. In the former, AUD (+0.2%) and NZD (-0.2%) stand at the extremes. In EM, MXN is the second weakest at 17.69 per dollar (-0.3%), extending the negative bias of the previous week (-1.0%). We expect a weekly trading range between 17.50 and 18.00 per dollar
- Crude-oil stable after OPEC said global oil fundamentals are healthy and supportive. The report highlighted that the recent price decline was mainly driven by financial market speculators

Corporate Debt

- For this week, we expect continued activity in long-term placements, with bonds from FEFA, GM Financial de México, CYDSA, and Fimubac for an accumulated amount of MXN 6.42 billion, as well as greater dynamism in the second half of November
- Grupo HYC (HYCSA) informed that Red de Carreteras de Occidente (RCO) notified the award of the bidding process for the "*Rehabilitation of the pavement of the Maravatio - Zapotlanejo highway, Sector 4, Maravatio-Entronque Aeropuerto Morelia section*" to a consortium formed by three companies, two of them HYCSA's subsidiaries. According to the press release, the amount of the award is MXN 298.9 million with an execution period of 14 months and a length of 32km

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,283.10	1.2%
S&P 500	4,415.24	1.6%
Nasdaq	13,798.11	2.0%
IPC	51,258.24	0.4%
Ibovespa	120,568.14	1.3%
Euro Stoxx 50	4,197.36	-0.8%
FTSE 100	7,360.55	-1.3%
CAC 40	7,045.04	-1.0%
DAX	15,234.39	-0.8%
Nikkei 225	32,568.11	-0.2%
Hang Seng	17,203.26	-1.8%
Shanghai Composite	3,038.97	-0.5%
Sovereign bonds		
2-year Treasuries	5.06	4pb
10-year Treasuries	4.65	3pb
28-day Cetes	10.90	-3pb
28-day TIEE	11.51	0pb
2-year Mbono	10.55	-12pb
10-year Mbono	9.66	-4pb
Currencies		
USD/MXN	17.65	-1.0%
EUR/USD	1.07	0.2%
GBP/USD	1.22	0.0%
DXY	105.86	0.0%
Commodities		
WTI	77.17	1.9%
Brent	81.43	1.8%
Mexican mix	72.89	1.9%
Gold	1,940.20	-0.9%
Copper	358.70	-1.5%

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 Zaldivar, 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 Enriquez, 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.

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.

Directory

Research and Strategy



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
alejandropadilla@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