

## Financial Markets Daily

### Main drivers for the financial markets today...

- **Stock markets positive, government bond yields down, and USD with few changes, while investors are awaiting October's US CPI report, a key input for Fed's interest rate policy. Consensus expects a moderation to 3.3% y/y from 3.7% y/y the previous month**
- **Attention will also be on the plethora of speeches from Fed members, including Williams, Barkin, Barr, Mester, and Goolsbee. In addition, Fed Vice Chair Philip Jefferson and SBN President Thomas Jordan are keynote speakers in Zurich**
- **Johnson plans to vote today in the House of Representatives on his temporary financing proposal to avoid a shutdown, which requires a two-thirds majority**
- **Regarding economic figures, in the US, the October inflation report will be published, where we estimate +0.1% m/m, with the Core CPI at +0.3%. With this, the annual metric would be 3.5% and 4.1% in the same order. In the Eurozone, 3Q23 GDP was released at -0.1% q/q increasing market concerns of stagflation in the region. Later, Japan's GDP for 3Q23 will be published, where the consensus estimates a contraction. At night, China will announce industrial production, retail sales and investment for October, where a recovery is expected**

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	Gross domestic product* - 3Q23 (P)	% q/q	--	-0.1	-0.1
<b>United States</b>					
8:30	Consumer prices* - Oct	% m/m	0.1	0.1	0.4
8:30	Ex. food & energy* - Oct	% m/m	0.3	0.3	0.3
8:30	Consumer prices - Oct	% y/y	3.5	3.3	3.7
8:30	Ex. food & energy - Oct	% y/y	4.1	4.1	4.1
12:45	Fed's Goolsbee Speaks on Economy and Monetary Policy				
1:00	Fed's Philip Jefferson and SNB's Thomas Jordan Speak in Zurich				
<b>Mexico</b>					
10:00	International reserves - Nov 10	US\$bn	--	--	205.0
12:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 20-year Mbono (Nov'42), 10-year Udibono (Nov'31) and 2-, and 5-year Bondes F				
<b>Japan</b>					
18:45	Gross domestic product* - 3Q23 (P)	% q/q	--	-0.1	1.2
<b>China</b>					
21:00	Industrial production - Oct	% y/y	--	4.5	4.5
21:00	Retail sales - Oct	% y/y	--	7.0	5.5
21:00	Gross fixed investment (YTD) - Oct	% y/y	--	3.1	3.1

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

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### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	4,426.25	0.0%
Euro Stoxx 50	4,243.56	0.3%
Nikkei 225	32,695.93	0.3%
Shanghai Composite	3,056.07	0.3%
<b>Currencies</b>		
USD/MXN	17.57	-0.2%
EUR/USD	1.07	0.2%
DXY	105.52	-0.1%
<b>Commodities</b>		
WTI	78.19	-0.1%
Brent	82.41	-0.1%
Gold	1,945.25	-0.1%
Copper	366.55	0.0%
<b>Sovereign bonds</b>		
10-year Treasury	4.63	-1pb

Source: Bloomberg

## Equities

- Positive movements in equity markets as investors await inflation data in the US amid little corporate information. Home Depot (+1.0% on pre-market) reported earnings above expectations, but a guidance that reflects caution in the face of lower demand
- In Asia, most stocks indices closed positive. In Europe, the markets advance, the Eurostoxx rises 0.3%. Mining stocks climbed on Glencore Plc's agreement to buy a majority stake in Teck Resources for almost \$7 billion. In turn, in the US the futures of main indices point to a slightly positive opening (+0.1% on average )
- Today, after the market close, the changes to the quarterly rebalancing of MSCI indices, effective at the close of November 30, will be announced, so there could be greater volatility in the stocks markets as of the next session

## Sovereign fixed income, currencies and commodities

- Modest positive balance in sovereign bonds. 10-year European yields decrease 1bp, on average, while the Treasuries' curve registers a flattening bias with gains of 2bps at the long-end. Yesterday, mid- and long-end Mbonos averaged losses of 5bps, with the 10-year reference closing at 9.68%
- Dollar trades with few changes amid a mixed performance in G10 and EM currencies. In the former, EUR (+0.3%) and NOK (-0.4%) stand at the extremes. In EM, RUB (+0.9%) is the strongest and MXN trades at 17.57 per dollar (+0.2%), scoring three positive sessions in a row
- Crude-oil is steady after EIA boosted forecast for world consumption this year and expects a smaller supply shortfall during 4Q23 of around 30% to 900,000 barrels a day

## Corporate Debt

- Today, FEFA will auction two bonds, FEFA 23-3 / 23V, for a target amount of MXN 3.0 billion (max. MXN 5.0 billion). Both series will pay a floating rate pegged to the Mexico's Overnight TIIE Funding Rate with 2- and 3.5-year terms, respectively
- Also, a MXN 420 million tap issue of Fimubac's structured bond, FIMUBCB 22, will be placed. The bond is backed by consumer loans collected through payroll deduction. The remaining term is of 3.6 years and is rated 'AAA' by Fitch Ratings and HR Ratings
- HR Ratings affirmed Molytmet's rating at 'HR AAA' with Stable outlook. The rating is based on the generation of Debt Service Coverage Ratio levels with cash projected above 2.5x from 2Q24 to 2Q26

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	34,337.87	0.2%
S&P 500	4,411.55	-0.1%
Nasdaq	13,767.74	-0.2%
IPC	51,090.91	-0.3%
Ibovespa	120,410.17	-0.1%
Euro Stoxx 50	4,232.19	0.8%
FTSE 100	7,425.83	0.9%
CAC 40	7,087.06	0.6%
DAX	15,345.00	0.7%
Nikkei 225	32,585.11	0.1%
Hang Seng	17,426.21	1.3%
Shanghai Composite	3,046.53	0.2%
<b>Sovereign bonds</b>		
2-year Treasuries	5.03	-3pb
10-year Treasuries	4.64	-1pb
28-day Cetes	11.06	16pb
28-day TIIE	11.51	0pb
2-year Mbono	10.50	-5pb
10-year Mbono	9.71	5pb
<b>Currencies</b>		
USD/MXN	17.61	-0.2%
EUR/USD	1.07	0.1%
GBP/USD	1.23	0.4%
DXY	105.63	-0.2%
<b>Commodities</b>		
WTI	78.26	1.4%
Brent	82.52	1.3%
Mexican mix	72.89	0.0%
Gold	1,946.92	0.3%
Copper	366.60	2.2%

Source: Bloomberg

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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