BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

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Main drivers for the financial markets today...

- **Stock markets with negative bias, government bond yields & USD down awaiting more insights into policymakers' thinking in Federal Reserve's minutes, while the market is pricing-in a 25bps rate cut in March 2024 with a probability of 30%**

- **Local markets were closed yesterday in remembrance of Revolution Day. The US will close on Thursday due to Thanksgiving. Today's agenda includes the FOMC minutes of the Federal Reserve, where we hope they maintain a relatively hawkish tone. Also the reports of existing home sales in the US, and the banking sector survey in Mexico**

- **Market attention this week will be on PMI indicators for November in the US, Eurozone, UK, and Germany, to take the pulse of global growth in an environment in which investors expect a moderation in pace relative to its performance so far this year...**

- **...in addition, on more information in the monetary policy front, the minutes of the ECB will be released. We expect them to make it clear that they will keep rates at the current level for some time to bring inflation back to the 2% target. Banxico will also publish its minutes, especially in the face of renewed bets in recent weeks that the bullish cycle has already ended and that the cuts could begin sooner than previously anticipated. In this backdrop, central bank decisions also in Indonesia, Sweden, Turkey, and South Africa, among the most relevant**

- **In Mexico, figures include retail sales, the monthly GDP-proxy IGAE (Sep), inflation for 1H-Nov, and final 3Q23 GDP. Today, INEGI released October's Timely Indicator of Economic Activity, with a 0.1% m/m decline (2.9% y/y sa) in activity. By sectors, they expect contractions of the same magnitude in industry and services**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
7:00	Timely Indicator of Economic Activity* - O	% y/y	--	--	3.0
12:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Nov'50) and 1-, 3-, and 7-year Bondes F				
15:30	Banamex Survey of Economists				
United States					
10:00	Existing home sales** - Oct	thousands	--	3.9	4.0
14:00	FOMC Meeting Minutes				

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	4,554.75	-0.2%
Euro Stoxx 50	4,338.45	-0.1%
Nikkei 225	33,354.14	-0.1%
Shanghai Composite	3,067.93	0.0%
Currencies		
USD/MXN	17.12	0.0%
EUR/USD	1.09	0.1%
DXY	103.35	-0.1%
Commodities		
WTI	77.46	-0.2%
Brent	81.95	-0.4%
Gold	1,989.30	0.6%
Copper	380.20	-0.3%
Sovereign bonds		
10-year Treasury	4.41	-1pb

Source: Bloomberg

Equities

- On the corporate front, out of the 8 S&P500 companies scheduled to report today, 5 have released mixed results. Lowe's Cos (-4% on pre-market) adjusted its guidance downward and Medtronic (+2%) raised its forecast for the year. Nvidia will report its figures after the market close
- In Asia the markets closed mixed. In Europe declines predominate, the Eurostoxx sheds 0.1%. In turn, in the US the futures of main indices point to a slightly negative opening by falling 0.1% on average
- In Mexico, operations will resume after yesterday's holiday. This week we expect a trading range for the IPC between 51,750 - 53,300pts. Cemex noted that it would have to pay ~$609 million (~6% of market capitalization) due to the adverse outcome of a tax audit in Spain, which could pressure the share price

Sovereign fixed income, currencies and commodities

- Slightly gains in sovereign bonds. 10-year European rates decline 3bps, on average. Meanwhile, Treasuries trades with few changes after a strong 20-year auction in the previous session. Locally, Mbonos rallied 17bps last week, with the 10-year reference closing 9.45% (-19bps w/w)
- Dollar weakens while all G10 currencies advance with NZD (+0.7%) as the strongest. In addition, emerging currencies extend gains with the MSCI's index soared to a 22-month high. The Mexican peso trades virtually unchanged, approaching to the psychological level of 17.00
- Crude-oil slides as investors await the OPEC+ Ministerial Meeting this weekend, where Saudi Arabia and Russia could deepen supply cuts. Mixed performance in metals, industrials fall and precious advance

Corporate Debt

- HR Ratings assigned a rating of 'HR A' with a Stable outlook to Engen Capital based on an adequate solvency position, with a capitalization ratio of 22.3% and an outstanding portfolio to net debt ratio of 1.4x as of 1Q23 (vs. 21.0% and 1.4x as of 1Q22). In addition, the lessor showed a higher generation of net income, driven by higher interest and rental income, as well as stable efficiency levels
- Moody's Local Mexico assigned an 'AA-.mx' rating to Grupo Elektra's proposed issuances ELEKTRA 23L / 23-2L / 23UL. The rating reflects the solid competitive position of its business model and its high liquidity levels

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	35,151.04	0.6%
S&P 500	4,547.38	0.7%
Nasdaq	14,284.53	1.1%
IPC	52,685.10	0.0%
Ibovespa	125,957.06	0.9%
Euro Stoxx 50	4,342.41	0.0%
FTSE 100	7,496.36	-0.1%
CAC 40	7,246.93	0.2%
DAX	15,901.33	-0.1%
Nikkei 225	33,388.03	-0.6%
Hang Seng	17,778.07	1.9%
Shanghai Composite	3,068.32	0.5%
Sovereign bonds		
2-year Treasuries	4.91	3pb
10-year Treasuries	4.42	-2pb
28-day Cetes	10.90	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.31	0pb
10-year Mbono	9.47	0pb
Currencies		
USD/MXN	17.12	-0.6%
EUR/USD	1.09	0.2%
GBP/USD	1.25	0.3%
DXY	103.44	-0.5%
Commodities		
WTI	77.60	2.3%
Brent	82.32	2.1%
Mexican mix	71.96	0.0%
Gold	1,978.07	-0.1%
Copper	384.10	1.9%

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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