BANORTE

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 positive, government bond yields down and USD up. Investors are awaiting economic data to further tune their expectations on the path of monetary policy. Moderate reaction to the four-day truce between Israel and Hamas to free hostages and prisoners**

- **Oil falls on signs of higher US production. Investors will be watching EIA inventories as they speculate on OPEC+'s next moves**

- **In the US, mortgage rates dropped sharply. The contract rate on a 30-year fixed mortgage decreased 20bp to 7.41% last week. This lead to an increase in the index of home-purchase applications of 3.9% in the week ending November 17, the most since June**

- **The agenda in the US includes October durable goods orders, November final figures for the University of Michigan consumer sentiment, and jobless claims for the week ending November 18. In the Eurozone consumer confidence for November will be released**

- **In Mexico, INEGI published September's retail sales, down 0.2% m/m (+2.3% y/y). 5 out of the 9 sectors fell, with weakness centered in office and leisure (-8.1% m/m) and internet sales (-5.6%)**

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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
Mexico					
7:00	Retail sales - Sep	% y/y	3.6	3.8	3.2
7:00	Retail sales* - Sep	% m/m	0.5	0.6	-0.4
10:00	International reserves - Nov 17	US$bn	--	--	205.3
United States					
8:30	Durable goods orders* - Oct (P)	% m/m	--	-3.2	4.6
8:30	Ex transportation* - Oct (P)	% m/m	--	0.2	0.4
8:30	Initial jobless claims* - Nov 18	thousands	225	226	231
10:00	U. of Michigan Confidence* - Nov (F)	index	60.4	61.0	60.4
Eurozone					
10:00	Consumer confidence* - Nov (P)	index	--	-17.7	-17.9

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	4,560.75	0.2%
Euro Stoxx 50	4,344.99	0.3%
Nikkei 225	33,451.83	0.3%
Shanghai Composite	3,043.61	-0.8%
Currencies		
USD/MXN	17.18	-0.1%
EUR/USD	1.09	-0.1%
DXY	103.64	0.1%
Commodities		
WTI	75.53	-2.9%
Brent	80.54	-2.3%
Gold	2,002.09	0.2%
Copper	378.25	-0.8%
Sovereign bonds		
10-year Treasury	4.37	-2pb

Source: Bloomberg

Equities

- **Stock markets mixed, with positive bias, reflecting caution among investors as they are assessing the economic outlook and the latest earnings results**

- **Futures in the US anticipate a slightly positive opening with the Nasdaq rising 0.4% above its theoretical value. Although Nvidia remains little changed on pre-market and beat analysts' average estimates, the company suggested some selling pressure from China due to US restrictions**

- **Europe trades mainly with gains and the Eurostoxx is climbing 0.3%, driven by the technology sector. In this sense, Sage Group is rising more than 13% in London after reporting a favorable growth expectation for fiscal year 2024. Asia closed mixed, with the Shanghai down 0.8% and the Nikkei up 0.3%**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. European 10-year rates trade with gains of up to 3bps. Meanwhile, the Treasuries yield curve trades with gains of 1bp concentrated on the long-end. Yesterday, the Mbonos' curve closed with losses of 7bps on average and the 10-year benchmark at 9.52% (+7bps)**

- **The dollar trades with a positive bias (BBDXY +0.2%) as most advanced and EM currencies weaken. In the first group, trading is capped by AUD (+0.2%) and NOK (-0.4%). In the second, BRL (+0.1%) and KRW (-0.9%) are at the ends of the spectrum. The Mexican peso appreciates 0.1% to trade at 17.18 per dollar and remains below its 100-day MA**

- **Crude-oil futures fall 1.2% on signs of higher US production. Metals are mixed, with industrials falling and precious metals advancing**

Corporate Debt

- **Toyota Financial Services Mexico's issuances, TOYOTA 23 / 23-2, for an aggregate amount of up to MXN 2 billion, are expected to be issued today. The series 23 will have a 3.5-year term and will pay a floating rate referenced to TIIE-28. Amortization will be made through two equal payments in years 2.5 and 3.5. Series 23-2 will have a term of approximately 4.5 years and will pay a fixed rate during the life of the bond. Amortization will be made through two equal payments in years 3.5 and 4.5. The issuances are rated 'mxAAA' by S&P Global and 'AAA(mex)' by Fitch Ratings**

- **S&P Global Ratings confirmed at 'mxAAA' the rating for the NAFR 23-3S issuance following Nacional Financiera's intention to carry out a MXN 5 billion reopening on November 29**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	35,088.29	-0.2%
S&P 500	4,538.19	-0.2%
Nasdaq	14,199.98	-0.6%
IPC	52,504.29	-0.3%
Ibovespa	125,626.03	-0.3%
Euro Stoxx 50	4,331.90	-0.2%
FTSE 100	7,481.99	-0.2%
CAC 40	7,229.45	-0.2%
DAX	15,900.53	0.0%
Nikkei 225	33,354.14	-0.1%
Hang Seng	17,733.89	-0.2%
Shanghai Composite	3,067.93	0.0%
Sovereign bonds		
2-year Treasuries	4.87	-4pb
10-year Treasuries	4.39	-3pb
28-day Cetes	10.75	-15pb
28-day TIIE	11.50	0pb
2-year Mbono	10.38	8pb
10-year Mbono	9.54	6pb
Currencies		
USD/MXN	17.20	0.4%
EUR/USD	1.09	-0.3%
GBP/USD	1.25	0.3%
DXY	103.57	0.1%
Commodities		
WTI	77.77	0.2%
Brent	82.45	0.2%
Mexican mix	73.91	0.1%
Gold	1,998.29	1.0%
Copper	384.90	0.2%

Source: Bloomberg

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