

## Financial Markets Daily

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

- Stock markets and USD down, with government bond yields mixed. Caution after weak industrial profits for October in China, up only 2.7% y/y. Fears are that the economy is closer to deflation, with investors waiting for several key data in other regions. In geopolitics, Israel is being increasingly pressured to extend the pause in its war against Hamas. President Biden supports it, while Israel's Prime Minister said it is possible as long as more hostages are released
- For the rest of the trading session, in the data agenda we only note new home sales (Oct) in the US. Moreover, today is *Cyber Monday*. We will listen to the ECB's Lagarde before the European Parliament
- Market attention this week on economic data in several regions, including November's inflation in the Eurozone given heightened recession fears, PCE deflator in the US (Oct); PMIs in China (Nov), and the Quarterly Report from Banxico, among the most relevant
- Fed members' speeches will continue, including Powell, while the central bank will also release the *Beige Book*. Decisions in Israel, New Zealand, Thailand, Korea, and Bulgaria, among others
- We also highlight the meeting between OPEC and allies about production quotas, which was delayed to November 30 due to disagreements. A meeting between foreign relations ministers of NATO countries, and the OECD's biannual economic outlook
- Other US data includes housing prices (Sep), trade balance, personal income & spending (Oct), consumer confidence, ISM manufacturing, vehicle sales (Nov), and the second estimate of 3Q23 GDP
- In Mexico, October's trade balance showed a US\$252.5 million deficit. Additional figures include the unemployment rate, banking credit, public finance report, family remittances (Oct), and IMEF's PMI indicators (Nov)

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Mexico</b>					
7:00	Trade balance - Oct	US\$m	-1,699.3	-1,505.5	-1,481.4
<b>Eurozone</b>					
9:00	ECB's Lagarde Speaks in EU Parliament				
<b>United States</b>					
10:00	New home sales** - Oct	thousands	--	723	759

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

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Winners of the 2023 award for best Mexico economic, forecasters, granted by Focus Economics

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### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	4,563.75	-0.1%
Euro Stoxx 50	4,364.10	-0.2%
Nikkei 225	33,447.67	-0.5%
Shanghai Composite	3,031.70	-0.3%
<b>Currencies</b>		
USD/MXN	17.05	-0.3%
EUR/USD	1.10	0.1%
DX	103.25	-0.1%
<b>Commodities</b>		
WTI	74.62	-1.2%
Brent	79.68	-1.1%
Gold	2,014.01	0.7%
Copper	376.75	-0.6%
<b>Sovereign bonds</b>		
10-year Treasury	4.46	0pb

Source: Bloomberg

## Equities

- Negative movements, reflecting caution among investors after some indicators underpinned fears of lower global economic dynamism. This occurs despite the VIX (the US volatility index) fell last week to its lowest level since January 2020
- US futures anticipate a slightly lower opening, with the S&P500 down 0.1%. Likewise, Europe trades mostly with losses and the Eurostoxx shrinks 0.2%. Meanwhile, Asia closed with declines, with the Nikkei down 0.5% and the Shanghai down 0.3%, following increased concerns of slower growth after signs of a deceleration in China's industrial earnings
- In Mexico for this week we foresee a trading range for the Mexbol Index between 51,800 and 53,800pts, after Friday's close at 52,938pts

## Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds. 10-year European rates adjust up to -8bps. The Treasuries' curve gains 1bp. Last week, Mbonos' curve lost 21bps on average, halting the rally seen in the last four weeks. The 10-year benchmark, May'33, closed at 9.64% (+20bps)
- The dollar retreats, causing a positive performance in most developed currencies with NOK (+0.6%) leading. In EM, the bias is also positive with THB (+1.1%) as the strongest. Meanwhile, MXN appreciates 0.5% to 17.05 per dollar
- Crude-oil down more than 1.0% as traders await the OPEC+ meeting on November 30<sup>th</sup>. In addition, Brent and WTI recorded 5 consecutive weeks in negative territory, with the former trading below 80 \$/bbl and the latter at 75 \$/bbl. Metals trade with mixed bias highlighting gold as it advances 0.7%

## Corporate Debt

- We expect long-term issuance activity to continue this week, with the participation of Elektra, FUNO, Daimler, Ara and Grupo Hyc, as well as a reopening of NAFIN for up to MXN 15.7 billion, and the participation of CFE in the first week of December
- Fitch affirmed the ratings of Grupo Vasconia and its VASCONI 19 and 22L issues at 'C(mex)', reflecting negotiations of the restructuring process while the company maintains a stand still agreement due to the weak performance of its aluminum business and delays in the start-up of the plant in Veracruz
- Monex (Common Rep.) summoned a Bondholders' Meeting of the GHOCB 14 (ABS of Grupo Herradura Occidente) and SIPYTBC 13 (ABS of Inversionistas en Autotransportes Mexicanos) for December 4 and 5, respectively

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	35,390.15	0.3%
S&P 500	4,559.34	0.1%
Nasdaq	14,250.85	-0.1%
IPC	52,938.42	-0.2%
Ibovespa	125,517.27	-0.8%
Euro Stoxx 50	4,372.10	0.2%
FTSE 100	7,488.20	0.1%
CAC 40	7,292.80	0.2%
DAX	16,029.49	0.2%
Nikkei 225	33,625.53	0.5%
Hang Seng	17,559.42	-2.0%
Shanghai Composite	3,040.97	-0.7%
<b>Sovereign bonds</b>		
2-year Treasuries	4.95	5pb
10-year Treasuries	4.47	6pb
28-day Cetes	10.75	-1pb
28-day TIIE	11.50	0pb
2-year Mbono	10.48	4pb
10-year Mbono	9.67	8pb
<b>Currencies</b>		
USD/MXN	17.11	-0.4%
EUR/USD	1.09	0.3%
GBP/USD	1.26	0.6%
DX	103.40	-0.5%
<b>Commodities</b>		
WTI	75.54	-2.0%
Brent	80.58	-1.0%
Mexican mix	73.35	0.0%
Gold	2,000.82	0.4%
Copper	383.25	0.6%

Source: Bloomberg

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