

Financial Markets Daily

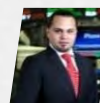
Main drivers for the financial markets today...

- **Stock markets positive, government bond yields mixed, and the USD lower, with investors looking forward to Powell's comments in Atlanta, as recent economic data and comments from other Fed members keep supporting the idea that policy tightening cycle has come to an end**
- **Attention will focus on Powell's speech, where signaling will be key to fully remove the expectation of an additional hike in December. However, it is likely that he will looking to reduce forecasts regarding an early cut**
- **On economic data, we will know November's manufacturing indicators in the US. In Mexico, October's remittances will be published, expecting them to be strong, along IMEF's PMIs for November**
- **In China, the Caixin manufacturing PMI surprised to the upside. However, the result was not positive enough to improve expectations about activity. Key indicators on several Asian factories continue to show some weakness**
- **In other news, Xi Jinping's actions after his US visit, and especially throughout this week, have been interpreted as a series of small steps to improve investor confidence**
- **This morning, Israel ended the truce and resumed the attack against Hamas in the Gaza Strip, claiming that it was them who ended the ceasefire**

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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
Brazil					
7:00	Industrial production - Oct	% y/y	--	1.4	0.6
7:00	Industrial production* - Oct	% m/m	--	0.2	0.1
Mexico					
10:00	Family remittances - Oct	US\$bn	5,781.2	5,746.0	5,612.6
10:00	Survey of expectations (Banxico)				
13:00	PMI manufacturing (IMEF)* - Nov	index	50.9	--	50.5
13:00	PMI non-manufacturing (IMEF)* - Nov	index	52.6	--	52.2
United States					
9:45	Manufacturing PMI* - Nov (F)	index	49.4	--	50.5
10:00	ISM manufacturing* - Nov	index	47.2	47.7	46.7
10:00	Fed's Goolsbee Participates in Moderated Discussion				
11:00	Fed's Powell Speaks in Fireside Chat				
14:00	Fed's Powell, Cook Take Part in Discussion on Tech Innovation				
	Total vehicle sales** - Nov	thousands	--	15.5	15.5

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	4,571.75	-0.1%
Euro Stoxx 50	4,411.96	0.7%
Nikkei 225	33,431.51	-0.2%
Shanghai Composite	3,031.64	0.1%
Currencies		
USD/MXN	17.30	-0.5%
EUR/USD	1.09	0.1%
DX	103.40	-0.1%
Commodities		
WTI	76.17	0.3%
Brent	81.03	-2.2%
Gold	2,037.40	0.0%
Copper	386.20	0.9%
Sovereign bonds		
10-year Treasury	4.34	1pb

Source: Bloomberg

Equities

- November ended with widespread gains that averaged 10.2% in the sample of 30 indices that we usually follow. The expectation that the tightening cycle is over, underpinned the increased risk appetite
- In the US, futures show marginal changes, after the S&P 500 posted an 8.9% advance in November, the best month since July 2022. The focus is now when the interest rate cuts might start, and how sustainable valuation levels are
- In Europe, we observe widespread increases averaging around 0.5%. Mining companies are the ones leading the advances. Meanwhile, Asia closed mixed, with the Hang Seng down 1.2% and the Shanghai index rising marginally by 0.1%. In Mexico, the mexbol Index may consolidate near 53,800pts, after closing at 54,060pts

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. European 10-year rates post adjustments of -2pbps, except for GILTS which trade with 3bps losses. Treasuries steepen, as a result of 3bps losses on the long-end. Yesterday, Mbonos lost 11bps on average and the 10-year benchmark closed at 9.38% (+14bps)
- The dollar weakens allowing gains in G10 currencies, where NOK (+0.7%) is the strongest. In EM, trading is capped by ZAR (+0.9%) and KRW (-1.2%). The MXN reverses part of the losses of the last few days, appreciating 0.5% to trade at 17.29 per dollar
- Crude-oil futures print gains of 0.2% as investors remain skeptical about the additional cut announced by OPEC+. Metals performance is mixed, with copper rising 0.8%

Corporate Debt

- S&P Global downgraded Grupo Kuo's international ratings to 'BB-' from 'BB' and on a local scale to 'mxA-' from 'mxA'. The agency considers that Kuo's revenues and EBITDA will experience a sharp decline in 2023
- Fitch Ratings affirmed Coca-Cola FEMSA's national rating at 'AAA(mex)' with a Stable outlook and its international rating (IDR) at 'A' with a Negative outlook. The ratings reflect KOF's strong business position as the world's largest franchise bottler of Coca-Cola products in terms of sales volume
- Fitch Ratings affirmed Axtel's international and national ratings at 'BB-' and 'A-(mex)' with a Stable outlook. The ratings reflect the refinancing of its notes due 2024, which provided greater flexibility in its debt amortization schedule

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	35,950.89	1.5%
S&P 500	4,567.80	0.4%
Nasdaq	14,226.22	-0.2%
IPC	54,060.01	2.4%
Ibovespa	127,331.12	0.9%
Euro Stoxx 50	4,382.47	0.3%
FTSE 100	7,453.75	0.4%
CAC 40	7,310.77	0.6%
DAX	16,215.43	0.3%
Nikkei 225	33,486.89	0.5%
Hang Seng	17,042.88	0.3%
Shanghai Composite	3,029.67	0.3%
Sovereign bonds		
2-year Treasuries	4.68	3pb
10-year Treasuries	4.33	7pb
28-day Cetes	10.79	-22pb
28-day TIIE	11.50	0pb
2-year Mbono	10.29	9pb
10-year Mbono	9.41	14pb
Currencies		
USD/MXN	17.38	0.6%
EUR/USD	1.09	-0.7%
GBP/USD	1.26	-0.6%
DX	103.50	0.7%
Commodities		
WTI	75.96	-2.4%
Brent	82.83	-0.3%
Mexican mix	73.59	-1.1%
Gold	2,036.41	-0.4%
Copper	385.05	0.7%

Source: Bloomberg

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