

## Financial Markets Daily

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

- **Stock markets down, government bond yields and USD up.** Investors show more caution after the strong rally in November, waiting for labor market data in the US and following the resumption of military operations in Gaza by Israel as the cease fire deal has ended
- **For the rest of the trading session, data includes October's factory orders, as well as the final estimate of durable goods orders for the same month. By night, the PMI Caixin indicators (Oct) in China, with concerns persisting about the pace of economic growth**
- **Market attention this week on November's nonfarm payrolls, estimating 180k new jobs (consensus: 180k). The unemployment rate would stay at 3.9%, unchanged from the previous month**
- **In monetary policy, decisions in Australia, Poland , Canada, and India. No comments from the Fed because of the silence period, albeit with intervention from several ECB members, including Lagarde**
- **The rest of US data includes consumer credit, trade balance (Oct), ADP employment, ISM services (Nov), and U. of Michigan consumer confidence (Dec). In other regions, trade balance and inflation (Nov) in China; retail sales (Oct) in the Eurozone; and 3Q23 GDP in Brazil**
- **In Mexico, September's gross fixed investment and private consumption stood at -1.5% and +0.8% m/m, respectively. We expect inflation in November at 0.66% m/m, with the annual rate reaching 4.34% from 4.26% in October, Moreover, the banking sector survey will be published**

### The most relevant economic data...

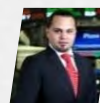
|                      | Event/Period                    | Unit  | Banorte | Survey | Previous |
|----------------------|---------------------------------|-------|---------|--------|----------|
| <b>Mexico</b>        |                                 |       |         |        |          |
| 7:00                 | Gross fixed investment - Sep    | % y/y | 22.1    | 25.0   | 32.0     |
| 7:00                 | Gross fixed investment* - Sep   | % m/m | -2.2    | -1.2   | 3.1      |
| 7:00                 | Private consumption - Sep       | % y/y | 4.0     | 4.0    | 4.1      |
| 7:00                 | Private consumption* - Sep      | % m/m | 0.7     | --     | 0.5      |
| <b>United States</b> |                                 |       |         |        |          |
| 10:00                | Factory orders* - Oct           | % m/m | --      | -2.8   | 2.8      |
| 10:00                | Ex transportation* - Oct        | % m/m | --      | --     | 0.8      |
| 10:00                | Durable goods orders* - Oct (F) | % m/m | --      | -5.4   | -5.4     |
| 10:00                | Ex transportation* - Oct (F)    | % m/m | --      | --     | 0.0      |
| <b>China</b>         |                                 |       |         |        |          |
| 20:45                | Services PMI (Caixin)* - Nov    | index | --      | 50.7   | 50.4     |
| 20:45                | Composite PMI (Caixin)* - Nov   | index | --      | --     | 50.0     |

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

December 4, 2023



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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        | 4,585.50  | -0.3%      |
| Euro Stoxx 50          | 4,412.12  | -0.1%      |
| Nikkei 225             | 33,231.27 | -0.6%      |
| Shanghai Composite     | 3,022.91  | -0.3%      |
| <b>Currencies</b>      |           |            |
| USD/MXN                | 17.28     | 0.6%       |
| EUR/USD                | 1.09      | -0.2%      |
| DX                     | 103.33    | 0.1%       |
| <b>Commodities</b>     |           |            |
| WTI                    | 73.64     | -0.6%      |
| Brent                  | 78.40     | -0.6%      |
| Gold                   | 2,067.77  | -0.2%      |
| Copper                 | 384.10    | -1.7%      |
| <b>Sovereign bonds</b> |           |            |
| 10-year Treasury       | 4.25      | 5pb        |

Source: Bloomberg

## Equities

- Mixed movements after the most important rally of the year in November. Some moderate profit taking as geopolitical risks seem to be rising
- Europe trades mixed, with the Eurostoxx down 0.1%, dragged by energy companies. On the other hand, Roche rises more than 2.0% in Switzerland after reporting the purchase of Carmot Therapeutics for US\$3.1 billion. Asia closed with a negative bias. Finally, we anticipate a weekly trading range for the Mexbol index between 52,800 and 54,600pts after Friday's close at 53,901pts
- US futures anticipate a negative opening, with the S&P500 down 0.3%. However, Spotify is up more than 2.5% on pre-market after indicating it will reduce its workforce by approximately 17%

## Sovereign fixed income, currencies and commodities

- Negative performance in sovereign bonds. 10-year European rates adjust up to +4bps. The Treasuries' curve flattens, with losses of 7bps at the short-end, while the long-end adjusts +4bps. Last week, Mbonos' curve flattened with gains of up to 45bps at the long-end. The 10-year benchmark, May'33, breached 9.30% for the first time in three months
- The dollar advances, causing the majority of DM currencies to lose, with NOK (-0.6%) most pressured. In EM, the bias is also negative. MXN (-0.6%) as the weakest, trading at 17.28 per dollar
- Crude-oil retreats 0.6% as investor remain skeptical about OPEC+'s cuts. Brent trades at 78 \$/bbl and WTI at 73 \$/bbl. Metals with negative bias, highlighting copper as it retreats -1.7%

## Previous closing levels

|                        | Last       | Daily chg. |
|------------------------|------------|------------|
| <b>Equity indices</b>  |            |            |
| Dow Jones              | 36,245.50  | 0.8%       |
| S&P 500                | 4,594.63   | 0.6%       |
| Nasdaq                 | 14,305.03  | 0.6%       |
| IPC                    | 53,901.43  | -0.3%      |
| Ibovespa               | 128,184.91 | 0.7%       |
| Euro Stoxx 50          | 4,418.51   | 0.8%       |
| FTSE 100               | 7,529.35   | 1.0%       |
| CAC 40                 | 7,346.15   | 0.5%       |
| DAX                    | 16,397.52  | 1.1%       |
| Nikkei 225             | 33,431.51  | -0.2%      |
| Hang Seng              | 16,830.30  | -1.2%      |
| Shanghai Composite     | 3,031.64   | 0.1%       |
| <b>Sovereign bonds</b> |            |            |
| 2-year Treasuries      | 4.54       | -14pb      |
| 10-year Treasuries     | 4.20       | -13pb      |
| 28-day Cetes           | 10.79      | 0pb        |
| 28-day TIIE            | 11.50      | 0pb        |
| 2-year Mbono           | 10.18      | -11pb      |
| 10-year Mbono          | 9.29       | -12pb      |
| <b>Currencies</b>      |            |            |
| USD/MXN                | 17.19      | -1.1%      |
| EUR/USD                | 1.09       | 0.0%       |
| GBP/USD                | 1.27       | 0.7%       |
| DX                     | 103.27     | -0.2%      |
| <b>Commodities</b>     |            |            |
| WTI                    | 74.07      | -2.5%      |
| Brent                  | 78.88      | -4.8%      |
| Mexican mix            | 69.83      | -5.1%      |
| Gold                   | 2,072.22   | 1.8%       |
| Copper                 | 393.15     | 2.1%       |

Source: Bloomberg

## Corporate Debt

- We expect placement activity to continue this week, with up to MXN 18.5 billion to be auctioned through seven bonds by Fonadin, CFE and Grupo Elektra. These are the last issuances scheduled for 2023, prior to the drop in market liquidity for the final weeks of the year
- In the banking market, we also expect the placement of last three bonds of the pipeline from Banobras and Banco Santander Mexico for a target amount of MXN 11 billion (max. MXN 18.0 billion)
- HR Ratings affirmed the ratings of Instituto Fonacot at 'HR AAA' with Stable outlook based on the implicit backing of the institute granted by the Federal Government due to its relevance in the country's consumer credit sector

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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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