

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed –with S&P500 futures lower–, government bond yields down, and the USD higher, this given concerns that aggressive bets on the Fed unwinding monetary tightening may be too optimistic, on top of Moody's announcement on China's debt
- Today, Moody's revised the outlook on China's credit rating, setting it at 'negative' from 'stable', with the level remaining at 'A1'. The change is supported by additional support to local governments along the uncertain backdrop for the country's real estate sector
- Regarding economic data, November's services PMI in Germany and the Eurozone were revised higher, coming in at 49.6pts and 48.7pts, respectively, giving some relief over activity in the region. In Brazil, 3Q23 GDP grew 0.1% q/q (2.0% y/y), while attention in the US will be on services indicators and the JOLTS report
- On the monetary front, Isabel Schnabel from the ECB's Governing Council mentioned that it is likely that another hike won't materialize considering the latest inflation print. Meanwhile, in the US we will be looking into comments from Michelle Bowman (Fed Board). Meanwhile, in Australia, the central bank held its reference rate at 4.35%
- Israel would be willing to consider another cease fire if they can negotiate the liberation of more hostages. Nevertheless, today they accelerated their offensive in Gaza with bombings in the southern part of the strip

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
7:00	Gross domestic product - 3Q23	% y/y	--	1.7	3.4
7:00	Gross domestic product* - 3Q23	% q/q	--	-0.2	0.9
United States					
9:45	Services PMI*-Nov (F)	index	50.8	50.8	50.8
9:45	Composite PMI*-Nov (F)	index	50.7	--	50.7
10:00	ISM services*-Nov	index	52.0	52.5	51.8
Mexico					
10:00	International reserves - Dec 1	US\$bn	--	--	206.3
12:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43) and 1-, and 3-year Bondes F				
15:30	Survey of expectations (Citibanamex)				

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

December 5, 2023



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,556.50	-0.4%
Euro Stoxx 50	4,427.28	0.3%
Nikkei 225	32,775.82	-1.4%
Shanghai Composite	2,972.30	-1.7%
Currencies		
USD/MXN	17.49	0.2%
EUR/USD	1.08	-0.2%
DXY	103.76	0.0%
Commodities		
WTI	72.94	-0.1%
Brent	77.88	-0.2%
Gold	2,025.77	-0.2%
Copper	377.95	-1.1%
Sovereign bonds		
10-year Treasury	4.22	-3pb

Source: Bloomberg

Equities

- Mixed movements, with a negative bias, in equity markets as investors are cautious and weigh the global economic and monetary outlook
- In Asia the markets closed negative, highlighting the Hang Seng's 1.9% drop. On the other hand, gains prevailed in Europe, the Eurostoxx adds 0.3%. Highlighted that Ericsson won a contract to modernize AT&T's wireless network in the US, a project that could reach \$14 billion over five years. Thus, shares from communication services and materials sectors lead gains, while those from health care are the only ones falling. In the US the futures of main indices point to a negative opening by falling 0.4% on average
- In Mexico, the Mexbol Index may stand below the 54,000pts

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. 10-year European rates decrease 5bps, on average. Meanwhile, the Treasuries' curve adjust -2bps at the long-end. Yesterday, Mbonos sold-off 8bps, on average, with the 10-year reference, May'33, closing at 9.37% (+10bps)
- Dollar strengthened against all G10 currencies with AUD (-0.9%) as the weakest. Also, widespread losses in EM currencies limited by RUB (-0.9%). The Mexican peso depreciates 0.2% to 17.49 per dollar, scoring two negative sessions in a row
- Crude-oil snapped a run of declines after Saudi Arabia said recent cuts by OPEC+ would be honored in full and could be extended if needed. Widespread losses in metals, with nickel losing 1.5%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	36,204.44	-0.1%
S&P 500	4,569.78	-0.5%
Nasdaq	14,185.49	-0.8%
IPC	54,053.63	0.3%
Ibovespa	126,802.79	-1.1%
Euro Stoxx 50	4,414.95	-0.1%
FTSE 100	7,512.96	-0.2%
CAC 40	7,332.59	-0.2%
DAX	16,404.76	0.0%
Nikkei 225	33,231.27	-0.6%
Hang Seng	16,646.05	-1.1%
Shanghai Composite	3,022.91	-0.3%
Sovereign bonds		
2-year Treasuries	4.64	10pb
10-year Treasuries	4.25	6pb
28-day Cetes	11.09	30pb
28-day TIIE	11.51	0pb
2-year Mbono	10.30	12pb
10-year Mbono	9.41	13pb
Currencies		
USD/MXN	17.46	1.6%
EUR/USD	1.08	-0.4%
GBP/USD	1.26	-0.6%
DX	103.71	0.4%
Commodities		
WTI	73.04	-1.4%
Brent	78.03	-1.1%
Mexican mix	68.57	-1.8%
Gold	2,029.42	-2.1%
Copper	383.55	-2.4%

Source: Bloomberg

Corporate Debt

- CIBanco (Common Rep.) informed that, at the Assembly on November 28, the Bondholders approved the voluntary early amortization of all the IDEI 23+2V long-term notes to be carried out on December 7, 2023. The principal amount is of MXN 300 million and will pay a total early amortization premium of MXN 18.6 million
- PCR Verum ratified the long- and short-term ratings of the Fondo de Garantía y Fomento a la Agricultura, Ganadería y Avicultura (FONDO) at 'AAA/M' and '1+/M', respectively; the outlook is Stable. According to the agency, the ratings are based on the support capacity that it could receive from the Federal Government by being a means of executing economic and financial policy, being part of the development plans by participating as a channel of credit programs and technical assistance focused on the primary sector and related projects

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