Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

December 6, 2023

Main drivers for the financial markets today…

- **Stock markets positive, government bond yields up and USD with few changes. Investors resume a risk-on mood on the possibility of a pivot by central banks towards an easing cycle, while awaiting key data on the US labor market and Eurozone growth**

- **On the monetary policy front, the Bank of Canada will announce the decision on its reference rate, where the central bank is expected to keep it unchanged at 5.00%**

- **In US, CEOs of the largest banks will testify before the Senate Banking Committee to try to water down regulatory changes that were proposed in July by the Federal Reserve and other regulators. The measures include increases in capital requirements**

- **Regarding economic figures, in the US the ADP private employment report for November will be published, where we estimate the creation of 120k new jobs and the trade balance for October. Tonight, the latter will also be released in China**

- **In Mexico, INEGI released November's consumer confidence, standing at 47.3pts, up 1.1pts relative to October. Inside, the 5 categories were higher, noting the purchasing power component (+1.6pts). Yesterday afternoon IMSS released formal employment figures. Last month, 106,578 new positions were registered, of which 70% were permanent. With this, formal employment in Mexico grew 5.2% in November**

- **Banxico will release its Financial Stability Report as of Dec 2023. US Treasury Secretary, Janet Yellen, will meet with President López Obrador, Banxico and the MoF**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Retail sales* - Oct	% m/m	--	0.2	-0.3
Mexico					
7:00	Consumer confidence* - Nov	index	46.4	--	46.0
United States					
8:15	ADP employment* - Nov	thousands	120	120	113
8:30	Trade balance* - Oct	US$bn	--	-59.5	-61.5
China					
22:00	Trade balance - Nov	USDbn	--	48.7	56.5
22:00	Exports - Nov	% y/y	--	-1.5	-6.4
22:00	Imports - Nov	% y/y	--	4.0	3.0

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

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar
Director of Market Strategy
manuel.jimenez@banorte.com

www.banorte.com/analisiseconomico
@analisis_fundam

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

Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,582.00	0.2%
Euro Stoxx 50	4,472.84	0.5%
Nikkei 225	33,445.90	2.0%
Shanghai Composite	2,968.93	-0.1%
Currencies		
USD/MXN	17.34	-0.3%
EUR/USD	1.08	-0.2%
DXY	104.09	0.0%
Commodities		
WTI	71.71	-0.8%
Brent	76.53	-0.9%
Gold	2,024.20	0.2%
Copper	379.65	0.6%
Sovereign bonds		
10-year Treasury	4.19	3pb

Source: Bloomberg

Equities

- **Positive equity markets recovering from the mixed movements recorded earlier in the week and continuing with the most important rally of the year that started in November**

- **US futures of the main stock indexes point to a positive opening with an average increase of 0.2%. In Europe, gains prevailed, with the Eurostoxx advancing 0.5%, supported by industrial and technology companies, while materials firms offset the advance. In Asia, markets were up, with the Nikkei rising 2.0%**

- **In Mexico, Volar reported yesterday a slight decrease in passenger traffic, however the progress in compensation agreements with P&W regarding the stoppages of NEO ships is positive. Gap showed a greater-than-expected slowdown in growth**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. European 10-year rates register losses of up to 4bps. Meanwhile, Treasuries trade with adjustments of +3bps on average. Yesterday, the Mbonos curve flattened as a result of gains of 4bps on the short-end and 13bps on the long-end**

- **USD trades with few changes while G10 and emerging market currencies post mixed movements. In the former group, NZD (+0.4%) and JPY (-0.2%) are at the ends. In EM, trading is capped by CLP (+0.4%) and THB (-0.6%). The Mexican peso, after breaching the 100-day MA, appreciates 0.3% to 17.34 per dollar**

- **Crude-oil futures fall 0.8% on expectations of higher US exports. Attention on EIA inventories. Metals prices print gains, with nickel rising 2.0%**

Corporate Debt

- **PCR Verum downgraded GF Mega's long-term and short-term ratings to 'BBB-/M' from 'A/M' and to '3/M' from '1/M', respectively. At the same time, it placed all ratings on Negative Watch. According to the agency, the rating action is due to the existing liquidity challenges and maturity profile of the NFE for the coming months, given the dependence on market funding and the adverse conditions that persist to find funding for the entire NBFI sector in Mexico**

- **Fitch Ratings assigned 'AAA(mex)' ratings to Banobras' proposed issuances, BANOB 23-4 / 23-5, driven by the financial support that the federal government would provide if required**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	36,124.56	-0.2%
S&P 500	4,567.18	-0.1%
Nasdaq	14,229.91	0.3%
IPC	54,120.91	0.1%
Ibovespa	126,903.25	0.1%
Euro Stoxx 50	4,452.77	0.9%
FTSE 100	7,489.84	-0.3%
CAC 40	7,386.99	0.7%
DAX	16,533.11	0.8%
Nikkei 225	32,775.82	-1.4%
Hang Seng	16,327.86	-1.9%
Shanghai Composite	2,972.30	-1.7%
Sovereign bonds		
2-year Treasuries	4.58	-6pb
10-year Treasuries	4.16	-9pb
28-day Cetes	11.25	16pb
28-day TIIE	11.50	0pb
2-year Mbono	10.24	-6pb
10-year Mbono	9.31	-11pb
Currencies		
USD/MXN	17.38	-0.4%
EUR/USD	1.08	-0.4%
GBP/USD	1.26	-0.3%
DXY	104.05	0.3%
Commodities		
WTI	72.32	-1.0%
Brent	77.20	-1.1%
Mexican mix	67.95	-0.9%
Gold	2,019.36	-0.5%
Copper	378.40	-1.3%

Source: Bloomberg

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Paula Lozoya Valadez, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cuautencos Mora and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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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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Directory

Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251

Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957

Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000

Luis Leopoldo López Salinas
Economist, Global Internacional
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Manuel Jiménez Zaldívar
Director of Market Strategy
manuel.jimenez@banorte.com
(55) 5268 - 1671

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

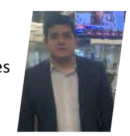
José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249

Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com (55) 1670 - 2250

Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Isaías Rodríguez Sobrino
Analyst, Fixed Income, FX and Commodities
isaias.rodriguez.sobrino@banorte.com
(55) 1670 - 2144



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000

Quantitative Analysis

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608

Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220

José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000

Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000

Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000

BANORTE