

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets mixed, government bond yields negative and the USD down as US markets return from the Thanksgiving holiday. In addition, speculation continues that Trump may moderate his more extreme trade policies**
- **In economic data, November's inflation in the Eurozone came in at 2.3% y/y, in line with expectations. The core remained higher –though also in line– at 2.7%. However, this is not expected to impact the ECB down cycle. There will be no figures in the US after the holiday, while in Mexico we await banking credit and public finances for October. In China, official PMIs for November will be released in the evening**
- **On the monetary front, expectations for a rate hike in Japan increased sharply after an upside surprise in Tokyo inflation data. As a result, futures assign a probability greater than 60% of a move in December**
- **In other news, China will extend exemptions to tariffs that should be implemented on some US imported goods until February 28. In addition, the central bank (PBoC) made a US\$111 billion liquidity injection, in a context of a sharp increase in local bond issuance in the country**
- **According to the Lebanese army, Israel has broken the ceasefire agreed with Hezbollah on 'multiple occasions' with targeted attacks on various facilities. However, the overall conflict appears to be contained for the time being**
- **Finally, parliamentary elections will be held today in Ireland, where a close result is expected, with the possibility that the current Prime Minister, Simon Harris, will be replaced**

The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|-----------------|--|-------|---------|--------|----------|
| Eurozone | | | | | |
| 5:00 | Consumer prices - Nov (P) | % y/y | -- | 2.3 | 2.0 |
| 5:00 | Core - Nov (P) | % y/y | -- | 2.8 | 2.7 |
| Brazil | | | | | |
| 8:00 | Unemployment rate - Oct | % | -- | 6.2 | 6.4 |
| Mexico | | | | | |
| 10:00 | Banking credit - Oct | % y/y | 7.0 | -- | 7.1 |
| 15:30 | Public finances (PSBR, year-to-date) - Oct | MXNbn | -- | -- | -1,271.8 |
| China | | | | | |
| 20:30 | Manufacturing PMI* - Nov | index | -- | 50.2 | 50.1 |
| 20:30 | Non-manufacturing PMI* - Nov | index | -- | 50.3 | 50.2 |
| 20:30 | Composite PMI* - Nov | index | -- | -- | 50.8 |

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 award as the best economic forecasters in Mexico by LSEG in 2023



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A glimpse to the main financial assets

| | Last | Daily chg. |
|------------------------|-----------|------------|
| Equity indices | | |
| S&P 500 Futures | 6,033.25 | 0.3% |
| Euro Stoxx 50 | 4,772.89 | 0.3% |
| Nikkei 225 | 38,208.03 | -0.4% |
| Shanghai Composite | 3,326.46 | 0.9% |
| Currencies | | |
| USD/MXN | 20.40 | -0.1% |
| EUR/USD | 1.06 | 0.1% |
| DXY | 105.93 | -0.1% |
| Commodities | | |
| WTI | 68.40 | -0.5% |
| Brent | 72.70 | -0.8% |
| Gold | 2,661.04 | 0.9% |
| Copper | 407.75 | 0.3% |
| Sovereign bonds | | |
| 10-year Treasury | 4.21 | -5pb |

Source: Bloomberg

Equities

- In the last trading session of November, main stock indices show mixed returns, although of moderate magnitude. Investors are keeping an eye on the sales of the so-called 'Black Friday' that marks the traditional kick-off for the holiday shopping season, estimating a ~10% y/y growth according to Adobe figures
- Meanwhile, futures in the US anticipate a positive opening with the S&P500 trading 0.3% above its theoretical value, resuming operations from Thanksgiving holiday, in a session that will continue to be affected by lower volume, with only half a day of trading
- Europe trades mixed, although the rise in mining companies stands out, given optimism about the expectation of greater stimuli in China. In Mexico, we believe that the Mexbol could close the month near 50,200pts

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. The 10-year European rates decline 2bps, on average. Meanwhile, the Treasuries' yield flattens due to a better performance in long-term securities (-5bps). Yesterday, Mbonos' curve printed a 5bps rally, with the 10-year benchmark closing at 9.92% (-4bps)
- Dollar weakens against all G10 currencies, with JPY (+0.9%) as the strongest. In EM, the bias is positive except for BRL (-0.5%). Meanwhile, MXN trades virtually unchanged at 20.42 per dollar following two favorable sessions in a row
- Crude-oil mixed as traders await further clues on OPEC+ output plans after it delayed a key virtual meeting by four days. Better performance in precious metals vs industrials, with gold and silver advancing 0.8% and 1.9%, respectively

Corporate Debt

- Fortaleza Materiales informed that it reached an agreement with Heidelberg Materials to sell its subsidiary Giant Cement Holdings for US\$600 million approximately
- HR Ratings affirmed at 'HR AAA' Medica Sur and issue MEDICA 20 rating with a Stable outlook. The rating is based on lower Debt Services since 2023, continuing in 2024 and expected to be maintained until 2027

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| Equity indices | | |
| Dow Jones | 44,722.06 | 0.0% |
| S&P 500 | 5,998.74 | 0.0% |
| Nasdaq | 19,060.48 | 0.0% |
| IPC | 49,941.27 | 0.3% |
| Ibovespa | 124,610.41 | -2.4% |
| Euro Stoxx 50 | 4,758.65 | 0.5% |
| FTSE 100 | 8,281.22 | 0.1% |
| CAC 40 | 7,179.25 | 0.5% |
| DAX | 19,425.73 | 0.9% |
| Nikkei 225 | 38,349.06 | 0.6% |
| Hang Seng | 19,366.96 | -1.2% |
| Shanghai Composite | 3,295.70 | -0.4% |
| Sovereign bonds | | |
| 2-year Treasuries | 4.23 | 0pb |
| 10-year Treasuries | 4.26 | 0pb |
| 28-day Cetes | 10.20 | 5pb |
| 28-day TIEE | 10.48 | -1pb |
| 2-year Mbono | 9.95 | 4pb |
| 10-year Mbono | 10.06 | 0pb |
| Currencies | | |
| USD/MXN | 20.43 | -0.8% |
| EUR/USD | 1.06 | -0.1% |
| GBP/USD | 1.27 | 0.1% |
| DXY | 106.05 | 0.0% |
| Commodities | | |
| WTI | 68.72 | 0.0% |
| Brent | 73.28 | 0.6% |
| Mexican mix | 64.31 | 0.0% |
| Gold | 2,637.92 | 0.1% |
| Copper | 413.90 | 0.0% |

Source: Bloomberg

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|------|---|
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