

# Financial Markets Daily

October 4, 2022

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

- **Positive stock markets, government bond yields and USD down, and crude-oil prices up, with investors betting that central banks will have to slow the pace of monetary tightening after a lower-than-expected rate hike in Australia, despite tensions between North Korea and Japan over a ballistic missile test**
- **North Korea fired a missile over Japan for the first time since 2017, which prompted a public safety warning to be issued by Tokyo. The test in 2017 prompted then US-president Trump to threaten to totally destroy North Korea and led the United Nations to impose tough sanctions**
- **US will continue consultations with Mexico over its energy policy after completing the time period requested for talks on the trade deal between the two nations rather than immediately requesting arbitration**
- **Today, market attention will be on speeches by Fed members including Williams, Mester and Daly. Yesterday Williams said the central bank policy is not restrictive, so they still have way to go. In economic data, the US will release factory orders and jobs openings JOLTS for August**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
9:00	Fed's Logan Gives Welcoming Remarks at Event on Technology				
9:00	Fed's Williams Gives Opening/Closing Remarks at Work Culture Event				
9:15	Fed's Mester Speaks at Conference on Payment System				
10:00	Factory orders* - Aug	% m/m	--	0.2	-1.0
10:00	Ex transportation* - Aug	% m/m	--	0.2	-1.1
10:00	Durable goods orders* - Aug (F)	% m/m	--	-0.2	-0.1
10:00	Ex transportation* - Aug (F)	% m/m	--	0.2	0.2
13:00	Fed's Daly Speaks to the Council on Foreign Relations				
<i>Mexico</i>					
10:00	International reserves - Sep 30	US\$bn	--	--	197.2
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 10-year Mbono (May31); 20-year Udi bono (Nov'35) and 2-, 5-, and 10-year Bondes F				

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

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## A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,754.00	1.7%
Euro Stoxx 50	3,459.54	3.5%
Nikkei 225	26,992.21	3.0%
Shanghai Composite	3,024.39	0.0%
<i>Currencies</i>		
USD/MXN	19.98	-0.2%
EUR/USD	0.99	0.9%
DXY	111.11	-0.6%
<i>Commodities</i>		
WTI	84.70	1.3%
Brent	90.24	1.6%
Gold	1,708.77	0.5%
Copper	342.40	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.61	-3pb

Source: Bloomberg

## Equities

- **Positive movements in equity markets continuing the temporary respite of yesterday's session after the previous week's corrections, amid a global monetary tightening environment, but with investors giving some probability to a slightly less hawkish Fed following weaker-than-expected US economic data**
- **In Asia the markets closed positive. There were no operations in China and Hong Kong due to a holiday. In Europe stocks advance, the Eurostoxx rises 3.5%. Shares from technology, consumer discretionary, and industrial sectors lead gains. In turn, in the US the futures of main indices point to a positive open by rising 1.6% on average**
- **In Mexico, the Mexbol may stand around the 46,000 pts**

## Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. European bonds register gains of 10bps, on average, while the US Treasury curve adjusts up to -7bps at the short- and mid-end. Yesterday, the Mbonos' curve closed with gains of 8bps, on average. The 10-year reference closed at 9.54% (-11bps)**
- **Dollar falls amid a mixed performance in G10 currencies with SEK (+0.9%) and AUD (-0.8%) at the extremes. The latter is assimilating a lower-than-expected rate hike. In EM, the bias is positive with THB (+1.5%) as the strongest, while MXN trades close to 20.00 per dollar (+0.2%), after a 0.6% appreciation yesterday**
- **Crude-oil extends its recent rally because the market expects OPEC+ to decide on a relevant output cut for November of at least 1 Mbbl/d at tomorrow's Ministerial Meeting. Moreover, metals and grains register widespread gains**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	29,490.89	2.7%
S&P 500	3,678.43	2.6%
Nasdaq	10,815.43	2.3%
IPC	45,429.75	1.8%
Ibovespa	116,134.46	5.5%
Euro Stoxx 50	3,342.17	0.7%
FTSE 100	6,908.76	0.2%
CAC 40	5,794.15	0.6%
DAX	12,209.48	0.8%
Nikkei 225	26,215.79	1.1%
Hang Seng	17,079.51	-0.8%
Shanghai Composite	3,024.39	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.11	-17pb
10-year Treasuries	3.64	-19pb
28-day Cetes	9.28	-5pb
28-day TIE	9.54	0pb
2-year Mbono	10.29	-6pb
10-year Mbono	9.58	-9pb
<i>Currencies</i>		
USD/MXN	20.03	-0.5%
EUR/USD	0.98	0.2%
GBP/USD	1.13	1.4%
DXY	111.75	-0.3%
<i>Commodities</i>		
WTI	83.63	5.2%
Brent	88.86	1.0%
Mexican mix	77.10	-0.1%
Gold	1,699.89	2.4%
Copper	341.00	-0.1%

Source: Bloomberg

## Corporate Debt

- **TV Azteca announced that it exercised its right of defense, regarding the notice issued by The Bank of New York Mellon (Trustee) that reported on August 8<sup>th</sup>, the intention to mature early the bond due in 2024 for a total of US\$400 million**
- **PCR Verum affirmed Fundación Rafael Dondé's long-term and short-term counterparty risk ratings at 'AA/M' and '1+/M', respectively. At the same time, the long-term ratings outlook was revised to Negative from Stable. According to the agency, the revision to the Negative outlook for the long-term ratings derives fundamentally from the impact on profitability due to the recognition of a penalty for obsolescence of guarantees, as well as the heavy investment expenses that the Institution is making to its bank**

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, 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, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Salvador Austria Valencia 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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<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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