

Financial Markets Daily

October 6, 2022

Main drivers for the financial markets today...

- Negative stock markets, while USD and government bond yields are up in response to comments from Fed members maintaining a hawkish rhetoric, while digesting yesterday's oil production cut by OPEC and its possible implication on the dynamics of global inflation
- Markets focus today is on comments by Evans, Cook, Waller and Mester from the Fed, as well as the weekly jobless claims in the US, estimated at 204k from 193k previously
- In the Eurozone, retail sales for August were released at -0.3% m/m, while the previous month was revised down from +0.4% to -0.3%, with which the annual variation stood at -2.0%, making it clear that economic activity is slowing while strong inflation pressures remain
- After the tight results in the first round of the presidential elections in Brazil, Bolsonaro is deepening his promises of more social spending ahead of the second round on October 30
- In Mexico, INEGI published GFI for July, falling 1.4% m/m (previous: +0.1%), with declines in both construction (-1.7%) as well as in machinery and equipment (-0.4%). In annual terms this implies +2.1%
- Moreover, INEGI also released private consumption for the seventh month of the 2022. It rose 0.1% m/m (previous: -0.6%), boosted by imported goods (4.1%). This implies a total increase in consumption of 5.0% in annual terms

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Winners of the award for best economic
forecasters for Mexico in 2021, granted
by Refinitiv



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Gross fixed investment - Jul	% y/y	3.1	4.0	7.8
7:00	Gross fixed investment* - Jul	% m/m	-1.1	--	0.7
7:00	Private consumption - Jul	% y/y	--	--	6.6
7:00	Private consumption* - Jul	% m/m	--	--	0.1
<i>United States</i>					
8:30	Initial jobless claims* - Oct 1	thousands	200	205	193
13:00	Fed's Evans Takes Part in Moderated Q&A				
13:00	Fed's Cook Speaks at Peterson Institute				
17:00	Fed's Waller Discusses the Economic Outlook				
18:30	Fed's Mester Discusses the Economic Outlook				
<i>Peru</i>					
19:00	Monetary policy decision (BCRP)	%	--	7.00	6.75

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	3,776.75	-0.5%
Euro Stoxx 50	3,441.68	-0.2%
Nikkei 225	27,311.30	0.7%
Shanghai Composite	3,024.39	0.0%
<i>Currencies</i>		
USD/MXN	20.11	0.2%
EUR/USD	0.99	-0.2%
DX	111.43	0.2%
<i>Commodities</i>		
WTI	87.47	-0.3%
Brent	93.13	-0.3%
Gold	1,714.22	-0.1%
Copper	350.80	0.2%
<i>Sovereign bonds</i>		
10-year Treasury	3.77	2pb

Source: Bloomberg

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Equities

- **Negative stock markets, following concerns that high inflation levels will imply tighter monetary policies among central banks, underpinning odds of an economic downturn and adjusting corporate earnings prospects**
- **Futures in the US anticipate a negative opening with the S&P500 trading 0.5% below its theoretical value, following cautious sentiment. In Europe, generalized falls are registered, the Eurostoxx decreases 0.2%, recording the largest adjustments in communications and energy sectors. In turn, Asia closed mixed, highlighting Nikkei's advance of 0.7% and Hang Seng's decline of 0.4%**
- **On the national corporate front, Asur surprised favorably supported by strong performance of international passengers. Meanwhile, Gap reported solid passenger numbers as a result of good demand scenario. Finally, the Mexbol Index could be consolidating around 45,700pts**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. European rates fluctuate between +/-3bps. Meanwhile, the Treasury curve registers pressures of 2bps, on average. Yesterday, the Mbonos curve gained 1bp at the short-end and printed losses of 7bps at the long-end**
- **The dollar advances, as developed currencies trade with negative returns with GBP (-0.6%) as the weakest. In EM, the bias is mixed with KRW (+0.6%) and PLN (-0.7%) at the extremes. Meanwhile, MXN depreciates 0.2% to 20.10 per dollar, after falling 0.5% yesterday**
- **Crude-oil fluctuate between gains and losses, after OPEC+ agreed a 2 Mbbbl/d production cut, and Russia warn that the proposed price cap could lead to an output hit. Metals trade with positive performances with both copper and gold gaining 0.1%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,273.87	-0.1%
S&P 500	3,783.28	-0.2%
Nasdaq	11,148.64	-0.2%
IPC	45,845.83	-0.4%
Ibovespa	117,197.82	0.8%
Euro Stoxx 50	3,447.72	-1.1%
FTSE 100	7,052.62	-0.5%
CAC 40	5,985.46	-0.9%
DAX	12,517.18	-1.2%
Nikkei 225	27,120.53	0.5%
Hang Seng	18,087.97	5.9%
Shanghai Composite	3,024.39	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.15	6pb
10-year Treasuries	3.75	12pb
28-day Cetes	9.22	27pb
28-day TIIE	9.55	1pb
2-year Mbono	10.25	-3pb
10-year Mbono	9.60	6pb
<i>Currencies</i>		
USD/MXN	20.07	0.5%
EUR/USD	0.99	-1.0%
GBP/USD	1.13	-1.3%
DX	111.21	1.0%
<i>Commodities</i>		
WTI	87.76	1.4%
Brent	93.37	1.7%
Mexican mix	81.33	1.9%
Gold	1,716.26	-0.6%
Copper	350.05	0.3%

Source: Bloomberg

Corporate Debt

- **Fibra Inn reported that it received MXN 115 million from the second and last disposition of the loan signed by the Trust owner of The Westin Monterrey Valle hotel. On October 8, 2020, the Trust signed a credit agreement with a provision for MXN 200 million, which was reimbursed for the temporary financing that was made for the acquisition of The Westin Monterrey Valle hotel**
- **HR Ratings upgraded Minera Frisco's rating to 'HR A' from 'HR A-', maintaining a stable outlook. According to the agency, the upgrade is based mainly on the ability to refinance its 2022 maturities through a new issue of up to MXN 5 billion with a single payment at maturity in 2024 (bullet)**

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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, 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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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