

# Financial Markets Daily

October 7, 2022

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

- **Stock markets mixed, S&P500 futures with small changes, government bond yields positive, and USD negative, as caution and uncertainty among investors continue, ahead of the US labor market report, looking for further clues on the economy's health, but still far from changing Fed's restrictive stance**
- **In the US, markets are focused on the September's employment report. We anticipate the unemployment rate unchanged at 3.7%, with a creation of 270k jobs in the period. On the monetary policy front, we will be paying attention to Williams' participation at a Q&A session, following the labor market data. Yesterday, Fed officials continued with a hawkish tone, in the sense that inflation is very high and that they will not be deterred by the volatility in financial markets**
- **In Mexico, INEGI published September's inflation. The headline stood at +0.62% m/m, with the core at 0.67%. As such, annual inflation remained at 8.70% (previous: 8.70%), with the core at 8.28% (previous: 8.05%)**
- **In other news, President Joe Biden explained that the US believes President Vladimir Putin's threats to use nuclear weapons are real. Meanwhile, European leaders agreed, saying this shows the seriousness of Russia's tactical escalation in Ukraine**

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Winners of the award for best economic  
forecasters for Mexico in 2021, granted by  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Consumer prices - Sep 30	% m/m	0.68	0.66	0.70
7:00	Core - Sep 30	% m/m	0.71	0.73	0.80
7:00	Consumer prices - Sep 30	% y/y	8.76	8.76	8.70
7:00	Core - Sep 30	% y/y	8.32	8.34	8.05
<i>Brazil</i>					
8:00	Retail sales - Aug	% y/y	--	0.3	-5.2
8:00	Retail sales* - Aug	% m/m	--	-0.2	-0.8
<i>United States</i>					
8:30	Nonfarm payrolls* - Sep	thousands	270	250	315
8:30	Unemployment rate* - Sep	%	3.7	3.7	3.7
8:30					
15:00	Consumer credit* - Aug	USDbn	--	25.0	23.8
<i>China</i>					
21:45	Services PMI (Caixin)* - Sep	index	--	54.5	55.0
21:45	Composite PMI (Caixin)* - Sep	index	--	--	53.0

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	3,758.00	0.0%
Euro Stoxx 50	3,427.44	-0.2%
Nikkei 225	27,116.11	-0.7%
Shanghai Composite	3,024.39	0.0%
<i>Currencies</i>		
USD/MXN	20.05	-0.4%
EUR/USD	0.98	0.1%
DX	112.06	-0.2%
<i>Commodities</i>		
WTI	89.33	1.0%
Brent	95.25	0.9%
Gold	1,708.22	-0.3%
Copper	343.25	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.84	2pb

Source: Bloomberg

## Equities

- The week concludes with mixed movements in stock markets, while investors continue assimilating hawkish comments from different members from the FED, and with caution ahead of the employment figures to be published in the US
- In that sense, futures trade without a clear trend, with the S&P500 practically flat, and with semiconductor stocks reflecting the biggest declines in the expectation of weak demand given the economic context
- In Asia, the stock markets closed with widespread falls, highlighting the 1.5% adjustment in the Hang Seng, while China remains closed for the 'Golden Week' holiday. Europe trades mixed, awaiting earnings season where weak signals are anticipated
- In Mexico, the Mexbol Index could consolidate around 46,000pts

## Sovereign fixed income, currencies and commodities

- Negative performance in sovereign bonds. European assets fall as much as 9bps while the Treasuries yield curve trades with pressures of 3bps on the short-end and few changes in long-term tenors. Yesterday, the Mbonos' curve closed with losses of 5bps, on average, and the 10-year benchmark ended the session at 9.66% (+6bps)
- The dollar weakens (DXY -0.2%) while developed currencies trade in positive territory and emerging currencies with mixed variations. In the first group, SEK (+0.5%) is the strongest while in the second, PLN (+0.7%) and KRW (-0.7%) are at the ends of the spectrum. The Mexican peso trades at 20.06, equivalent to an appreciation of 0.3%
- Crude oil futures are up 1.0%, on average, still reflecting momentum following OPEC+'s decision to cut production by 2 Mbbbl/d. Negative bias prevails in metals

## Corporate Debt

- HR Ratings upgraded Total Play's rating to 'HR A+' from 'HR A' and on a global scale to 'HR BB (G)' from 'HR BB- (G)'. In addition, it upgraded the rating of the TPLAYCB 20 structured bond to 'HR AA+ (E)' from 'HR AA (E)'. Outlook is Stable. According to the agency, the upgrade revision is based on the growth in the generation of Free Cash Flow observed during the last twelve months
- CIBanco (Trustee) summoned a Bondholders' Meeting of the ST UNIFIN 00422 issuance for next October 27, 2022. The main points to be discussed will be: (i) issuer's report regarding the restructuring procedure; and (ii) discussion and approval of the reason for early amortization established in the Title

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	29,926.94	-1.1%
S&P 500	3,744.52	-1.0%
Nasdaq	11,073.31	-0.7%
IPC	46,326.68	1.0%
Ibovespa	117,560.83	0.3%
Euro Stoxx 50	3,433.45	-0.4%
FTSE 100	6,997.27	-0.8%
CAC 40	5,936.42	-0.8%
DAX	12,470.78	-0.4%
Nikkei 225	27,311.30	0.7%
Hang Seng	18,012.15	-0.4%
Shanghai Composite	3,024.39	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.26	11pb
10-year Treasuries	3.82	7pb
28-day Cetes	9.23	1pb
28-day TIIE	9.55	-1pb
2-year Mbono	10.27	2pb
10-year Mbono	9.66	6pb
<i>Currencies</i>		
USD/MXN	20.12	0.3%
EUR/USD	0.98	-0.9%
GBP/USD	1.12	-1.4%
DXY	112.26	0.9%
<i>Commodities</i>		
WTI	88.45	0.8%
Brent	94.42	1.1%
Mexican mix	82.34	1.2%
Gold	1,712.53	-0.2%
Copper	344.60	-1.6%

Source: Bloomberg

## Certification of Analysts.

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
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<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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