

# Financial Markets Daily

October 10, 2022

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

- **Stock markets biased lower, government bond yields down, and USD stronger. Caution increases after the strong US labor market report as it induces increased fears of more rate hikes. Sentiment is also affected by new restrictions on semiconductors to China. Moreover, the BoE will accelerate the pace of asset purchases**
- **Meanwhile, geopolitical risks rise. Vladimir Putin blamed Ukraine on the explosion of a bridge connecting Russia with Crimea, with the war intensifying. North Korean leader Kim Jong Un said that the most recent ballistic tests constitute a “severe warning” to the US**
- **The US bond market will be closed today in remembrance of Columbus Day. On the other hand, Chinese markets reopened after the Golden Week festivities**
- **Market attention this week on September’s consumer and producer prices in the US, with the former also in China, Brazil, and Germany. Moreover, the latest minutes from the Fed and Banxico, as well as monetary policy decisions in Korea (consensus: +50bps) and Chile (+50bps)**
- **In events, we highlight the IMF and World Bank annual meetings. In this backdrop, G20 central bankers and finance ministers meeting will take place. In other fronts, the Nobel Prize in Economics was announced**
- **The US economic agenda also includes retail sales (Sep) and U. of Michigan consumer confidence (Oct). In other regions, the unemployment rate and industrial production (Aug) in the UK; trade balance (Sep) in China; and industrial production in the Eurozone (Aug)**
- **In Mexico, industrial production (Aug), ANTAD’s same-store sales, and wage negotiations (Sep)**

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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>United States</i>					
9:00	Fed's Evans Speaks at NABE Conference in Chicago				
13:00	Fed's Brainard Speaks at NABE Conference in Chicago				
<i>Mexico</i>					
	Wage negotiations - Sep	% y/y	--	--	5.0

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	3,643.75	-0.3%
Euro Stoxx 50	3,365.91	-0.3%
Nikkei 225	27,116.11	0.0%
Shanghai Composite	2,974.15	-1.7%
<i>Currencies</i>		
USD/MXN	19.98	-0.3%
EUR/USD	0.97	-0.5%
DXY	113.13	0.3%
<i>Commodities</i>		
WTI	92.29	-0.4%
Brent	97.41	-0.5%
Gold	1,678.45	-1.0%
Copper	342.95	1.3%
<i>Sovereign bonds</i>		
10-year Treasury	3.88	0pb

Source: Bloomberg

## Equities

- **Negative movements in equity markets due to increased concerns about monetary tightening and its impact on the global economy and company results. Investors will be paying close attention this week to US inflation data and the 3Q22 earnings season kick-off, where a slowdown in growth and profitability pressures are expected**
- **In Asia the markets closed negative, highlighting declines in Chinese semiconductor stocks following new restrictions on China's access to US technology. There were no operations in Japan, Malaysia, South Korea, and Taiwan due to holidays. In Europe stocks drop, the Eurostoxx sheds 0.3%. In turn, in the US the futures of main indices point to a negative open by falling 0.1% on average**
- **In Mexico, following the Mexbol's closing at 45,729pts last Friday, we expect this week a trading range between 44,300 - 46,600pts**

## Sovereign fixed income, currencies and commodities

- **The US bond market will be closed as a result today's liquidity will be limited. Moreover, European bonds print modest losses. Last week, Mbonos' yield curve recorded a steepening bias, the 10-year benchmark closed at 9.66% (+1bp), and local risk premium stood at 577bps**
- **Dollar strengthens amid a negative performance in developed currencies, except for NOK (+0.4%) and CAD (+0.2%). In EM, the bias is negative with MXN as the only one in positive territory, trading slightly below the psychological level of 20.00 per dollar (+0.3%), and extending the gains of the previous two weeks**
- **Crude-oil falls due to concerns on a possible economic slowdown to erode demand, after a rally driven by OPEC+'s output cut last week. In metals, gold and aluminum down 1.0% and 0.4%, respectively, while copper advances 1.3%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	29,296.79	-2.1%
S&P 500	3,639.66	-2.8%
Nasdaq	10,652.40	-3.8%
IPC	45,728.88	-1.3%
Ibovespa	116,375.25	-1.0%
Euro Stoxx 50	3,375.46	-1.7%
FTSE 100	6,991.09	-0.1%
CAC 40	5,866.94	-1.2%
DAX	12,273.00	-1.6%
Nikkei 225	27,116.11	-0.7%
Hang Seng	17,740.05	-1.5%
Shanghai Composite	3,024.39	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.31	5pb
10-year Treasuries	3.88	6pb
28-day Cetes	9.22	-1pb
28-day TIE	9.55	0pb
2-year Mbono	10.27	0pb
10-year Mbono	9.67	1pb
<i>Currencies</i>		
USD/MXN	20.04	-0.4%
EUR/USD	0.97	-0.5%
GBP/USD	1.11	-0.7%
DX	112.80	0.5%
<i>Commodities</i>		
WTI	92.64	4.7%
Brent	97.92	3.7%
Mexican mix	85.87	4.3%
Gold	1,694.82	-1.0%
Copper	338.65	-1.7%

Source: Bloomberg

## Corporate Debt

- **For this week, we expect the auction of two bonds for MXN 5 billion from Gruma (MXN 3 billion) and Grupo Palacio de Hierro (MXN 2 billion)**
- **América Móvil and Liberty Latin America announced that the Chilean National Economic Prosecutor's Office approved the agreement to combine their respective operations in Chile, VTR and Claro Chile, in order to form a joint venture (50:50), called ClaroVTR**
- **S&P Global upgraded the rating of the PLANRIO 05-2U issue (Libramiento Plan del Río FF) to 'mxBB' from 'mxB'. Outlook is Stable. According to the agency, the recent additions to the issuance structure, especially of a target amortization scheme after the repayment of the preferential bank loan in 2042, lightens the service of the subordinated debt**

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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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