

Financial Markets Daily

October 13, 2022

Main drivers for the financial markets today...

- **Positive stock markets (Asia negative), while USD and government bond yields are down with investors attentive to the US inflation data that could determine how much further the Fed's policy-tightening cycle will run, also to the corporate earnings season kick off and its resilience to surging costs. Markets are awaiting G20 central bankers and finance ministers meeting**
- **In the US, inflation for September will be published, where the attention will be in finding if the downward trend that began in July continues, after the maximum reached in June at 9.1% y/y. We estimate headline inflation at +0.1% m/m, favored by a decline in the price of gasoline, although more moderate than the previous month. With this, the annual variation would stand at 8.1% from 8.3% in August. However, we see pressures on the core, going from 6.3% y/y to 6.6%.**
- **In other regions, September inflation and trade balance will be published in China**
- **In Mexico, Banxico's last meeting minutes will be released. We will carefully analyze comments around inflation conditions –both current and going forward–, the influence of the Fed's monetary policy, and to a lesser extent, economic activity. In addition, we will be looking over the likely magnitude of the next move (which we expect at +75bps), as well as the terminal level for the reference rate in this cycle (which we put at 11.00% by the end of 1Q23)**

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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>Germany</i>					
2:00	Consumer prices - Sep (F)	% y/y	--	10.0	10.0
<i>United States</i>					
8:30	Consumer prices* - Sep	% m/m	0.1	0.2	0.1
8:30	Ex. food & energy* - Sep	% m/m	0.5	0.4	0.6
8:30	Consumer prices - Sep	% y/y	8.1	8.1	8.3
8:30	Ex. food & energy - Sep	% y/y	6.6	6.5	6.3
8:30	Initial jobless claims* - Oct 8	thousands	215	225	219
<i>Mexico</i>					
10:00	Banxico's minutes				
<i>China</i>					
21:30	Consumer prices - Sep	% y/y	--	2.8	2.5
22:00	Trade balance - Sep	USDbn	--	81.2	79.4
22:00	Exports - Sep	% y/y	--	4.0	7.1
22:00	Imports - Sep	% y/y	--	0.4	0.3

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	3,629.25	1.1%
Euro Stoxx 50	3,353.50	0.7%
Nikkei 225	26,237.42	-0.6%
Shanghai Composite	3,016.36	-0.3%
<i>Currencies</i>		
USD/MXN	19.95	-0.2%
EUR/USD	0.97	0.4%
DX	112.71	-0.5%
<i>Commodities</i>		
WTI	87.79	0.6%
Brent	93.00	0.6%
Gold	1,679.46	0.4%
Copper	345.50	0.9%
<i>Sovereign bonds</i>		
10-year Treasury	3.86	-3pb

Source: Bloomberg

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Equities

- **Mixed stock markets, with investors awaiting inflation data as they question whether interest rate hikes, lower energy costs, and less supply chain disruptions are lowering price pressures**
- **US futures anticipate an upside opening, with the S&P 500 trading 1.1% above its theoretical value. While Europe is trading mixed, with the Eurostoxx up 0.7%, the energy sector leading gains. In turn, Asia closed lower, highlighting Hang Seng's decrease of -1.9%. Finally, in Mexico, the Mexbol Index could hover around 45,600pts**
- **On the corporate front, Black Rock released its third-quarter results, falling short of analysts' estimates in assets under management. While Walgreens surprised positively with higher-than-expected earnings per share**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. European rates rise up to 26bps. Meanwhile, the Treasury curve registers gains of 2bps, on average. Yesterday, the Mbonos curve gained 3bps at the short-end and the belly, while the long-end printed losses of 2bps**
- **The dollar retreats, as developed currencies trade with positive returns with GBP (+1.4%) leading the group. In EM, the bias is mixed with RUB (+1.5%) and KRW (-0.4%) at the extremes. Meanwhile, MXN appreciates 0.1% to 19.96 per dollar, after gaining 0.5% yesterday**
- **Crude-oil advances between volatile trading as the market weighed the risk of a global economic slowdown against supply cuts. Metals trade with positive performances with copper and gold gaining 0.9% and 0.6%, respectively. Meanwhile, grains trade with negative bias**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	29,210.85	-0.1%
S&P 500	3,577.03	-0.3%
Nasdaq	10,417.10	-0.1%
IPC	45,679.84	-0.2%
Ibovespa	114,827.12	0.0%
Euro Stoxx 50	3,331.53	-0.3%
FTSE 100	6,826.15	-0.9%
CAC 40	5,818.47	-0.3%
DAX	12,172.26	-0.4%
Nikkei 225	26,396.83	0.0%
Hang Seng	16,701.03	-0.8%
Shanghai Composite	3,025.51	1.5%
<i>Sovereign bonds</i>		
2-year Treasuries	4.29	-1pb
10-year Treasuries	3.90	-5pb
28-day Cetes	8.93	3pb
28-day TIIE	9.56	1pb
2-year Mbono	10.38	-4pb
10-year Mbono	9.77	0pb
<i>Currencies</i>		
USD/MXN	19.99	-0.4%
EUR/USD	0.97	-0.1%
GBP/USD	1.11	1.2%
DXY	113.32	0.1%
<i>Commodities</i>		
WTI	87.27	-2.3%
Brent	92.45	-2.0%
Mexican mix	82.67	0.0%
Gold	1,673.19	0.4%
Copper	342.50	-1.1%

Source: Bloomberg

Corporate Debt

- **CIBanco (Common Rep.) informed Gruma's intention to call all its outstanding notes GRUMA 18 on the next coupon payment date, October 20, 2022. The issuance GRUMA 18 has an outstanding amount of MXN 3.0 billion**
- **PCR Verum affirmed FHipo's short-term issuer rating at '1/M', based on the company's strong financial position, distinguished for low leverage levels. Also, the rating contemplates good investment parameters the management follows to acquire or co-participate in mortgage portfolios**
- **HR Ratings affirmed the rating for issuance APPVCB 17 (APP Coatzacoalcos-Villahermosa's FF) at 'HR AAA (E)' with a Stable outlook, based on the Service Provider Contract, with a share of the payment destined to the issuance's debt service**

Certification of Analysts.

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>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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