

Financial Markets Daily

October 25, 2022

Main drivers for the financial markets today...

- **Negative stock markets, government bond yields down, USD slightly up, and crude-oil prices down. Investors are concerned the effects of a slowing economy will damage corporate earnings results. For its part, UK transition is assimilated with Rishi Sunak as the prime minister**
- **A group of liberal Democrats want Biden to negotiate with Russia to end the war in Ukraine, in the first sign of disagreement in the party over the White House's strategy**
- **Today's attention will be on the speech from Waller of the Fed. The US economic agenda includes housing prices for August and October's consumer confidence. Regarding the latter, we estimate levels of 104.5pts from the previous 108pts, due to the impact of the increase in the price of gasoline on disposable income**
- **In other regions, Brazil will publish inflation for the first half of October, where consensus estimates a figure of +0.09% m/m, which would place the annual variation at 6.78% from 7.96%, continuing the downward trend that it has been observed for several reports. This supports the expectation that the Copom will keep the Selic rate unchanged at tomorrow's meeting, just as it did in its last decision**
- **Moreover, INEGI published August's GDP-proxy IGAE, up 1.0% m/m (+5.7% y/y), surprising higher. By sectors, strength centered in primary activities (+3.6 m/m) and services (+1.2%), with industry unchanged (0.0%)**

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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	Economic activity indicator (IGAE) - Aug	% y/y	3.7	3.0	1.3
7:00	Economic activity indicator (IGAE)* - Aug	% m/m	-0.2	0.04	0.4
10:00	International reserves - Oct 21	US\$bn	--	--	196.6
12:30	Government weekly auction: 1-, 3-, 6-, and -24 month CETES; 5-year Mbono (Mar'27); 20-year Udibono (Nov'35) and 1-, 3-, and 7-year Bondes F				
<i>Brazil</i>					
8:00	Consumer prices - Oct	% m/m	--	0.09	-0.37
8:00	Consumer prices - Oct	% y/y	--	6.78	7.96
<i>United States</i>					
9:00	S&P/CoreLogic housing prices - Aug	% y/y	--	14.0	16.1
10:00	Consumer confidence* - Oct	index	104.5	105.7	108.0
13:55	Fed's Waller discusses FedNow in Las Vegas				

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	3,803.00	-0.2%
Euro Stoxx 50	3,524.02	-0.1%
Nikkei 225	27,250.28	1.0%
Shanghai Composite	2,976.28	0.0%
<i>Currencies</i>		
USD/MXN	19.92	-0.1%
EUR/USD	0.99	-0.1%
DXY	112.00	0.0%
<i>Commodities</i>		
WTI	83.49	-1.3%
Brent	92.07	-1.3%
Gold	1,644.36	-0.3%
Copper	337.30	-1.7%
<i>Sovereign bonds</i>		
10-year Treasury	4.16	-8pb

Source: Bloomberg

Equities

- **Negative bias in equity markets with investors digesting a greater number of corporate reports and focusing their attention on the figures of the big technology companies that start today**
- **In Asia the markets closed mixed. In Europe stocks are mixed, but the Eurostoxx sheds 0.2%. In turn, in the US the futures of main indices point to a negative open by falling 0.1% on average**
- **Of 40 S&P500 companies scheduled to report today, 20 have already updated investors with most outperforming estimates, including 3M, Coca-Cola, and General Motors. Alphabet and Microsoft will publish their figures after the market closes. In Mexico, yesterday Asur showed significant growth and higher profitability, Gmxt surprised with higher margins, Kof recorded solid advances, and Volar continued with profitability pressures due to high fuel costs. Reports from Chdraui and Gcc are expected today after the markets close**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. European assets adjust -8bps, on average, while Treasuries register gains of up to 7bps in the belly of the curve. Yesterday, the Mbonos' curve closed with a modest steepening bias as a result of adjustments of -2bps and +4bps at the extremes. The 10-year benchmark closed at 9.94% (+1bp)**
- **Dollar slightly positive amid a mixed performance in G10 currencies with GBP (+0.3%) and NOK (-0.4%) at the extremes. In EM, the bias is also mixed with MXN trading at 19.92 per dollar (+0.1%), after closed with few changes yesterday**
- **Crude-oil falls due to growth concerns despite a near-term supply tightness in the market. Brent trades slightly above 90 \$/bbl. Industrial metals record widespread losses, with copper and gold falling 1.5% and 0.4%, respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,499.62	1.3%
S&P 500	3,797.34	1.2%
Nasdaq	10,952.61	0.9%
IPC	47,765.24	1.4%
Ibovespa	116,012.70	-3.3%
Euro Stoxx 50	3,527.79	1.5%
FTSE 100	7,013.99	0.6%
CAC 40	6,131.36	1.6%
DAX	12,931.45	1.6%
Nikkei 225	26,974.90	0.3%
Hang Seng	15,180.69	-6.4%
Shanghai Composite	2,977.56	-2.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.50	3pb
10-year Treasuries	4.24	3pb
28-day Cetes	9.57	19pb
28-day TIIE	9.58	1pb
2-year Mbono	10.46	-1pb
10-year Mbono	9.95	3pb
<i>Currencies</i>		
USD/MXN	19.94	0.0%
EUR/USD	0.99	0.1%
GBP/USD	1.13	-0.2%
DXY	111.99	0.0%
<i>Commodities</i>		
WTI	84.58	-0.6%
Brent	93.26	-0.3%
Mexican mix	80.75	0.0%
Gold	1,649.78	-0.5%
Copper	343.05	-1.3%

Source: Bloomberg

Corporate Debt

- **Grupo Herdez informed the acquisition of the companies Interdeli and Deli, Dips & Snacks (Mediterráneo), pioneers in the production and marketing of Lebanese ready-to-eat products, for an amount of MXN 587 million. In the last 12 months, Mediterráneo's sales amounted to MXN 473 million with an EBITDA margin of 16.2%. Likewise, they are leaders in the categories in which they participate -which represent around 74% of their net sales- and innovation is an integral part of their growth**
- **Fitch affirmed Banco Compartamos' ratings at 'BB+ / AA(mex)'; Outlook is Stable. According to the agency, Compartamos continues to have a solid position in the market with competitive advantages greater than its peers, such as its long history of operations, extensive knowledge and large scale in the microfinance segment**

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