

Mexican Market Chatter

October 24th – October 31st

MARKETS

The **S&P / BMV IPC** index was down another 2.2% this week to close at 50,661.05, dragged down by overall weak 3Q24 results, compounded by the correction in US technology stocks after Microsoft's and Meta's earnings reports triggered concerns on rising AI costs. The Mexican peso lost 1.2% to MXN20.04/USD as the market positions for a possible Trump victory on Tuesday.

The **S&P / BMV IPC's** top stock gainers for the week were: TLEVISA CPO (+7.7%), after a roller-coaster week, bouncing back from the announcement of Emilio Azcárraga's leave of absence after David Martínez disclosed a major position in the company; RA (+7.6%), LAB B (+5.6%). The index's biggest losers were: CEMEX CPO (-11.8%), which reported weaker than expected quarterly results and lowered its guidance; WALMEX * (-6.9%) and CUERVO * (-6.4%).

Next week, we expect the following macroeconomic indicators in Mexico: inflation rate, gross fixed investment, private consumption indicator and auto production and exports. We believe investors will focus on the outcome of US elections.

Indexes (America)	31-Oct-24	24-Oct-24	%	FX	31-Oct-24	24-Oct-24	%
Dow Jones	41,763.46	42,374.36	-1.4	Dollar Index	103.98	104.06	-0.1
S&P 500	5,705.45	5,809.86	-1.8	Euro	1.09	1.08	0.5
Nasdaq	18,095.15	18,415.49	-1.7	MXN	20.04	19.81	1.2
VIX	23.16	19.08	21.4	Brazilian Real	5.79	5.66	2.2
IPC	50,661.05	51,795.56	-2.2	Japanese Yen	152.03	151.83	0.1
Bovespa	129,713.33	130,066.95	-0.3	Chinese Yuan	7.12	7.12	-0.0
Indexes (Europe)	31-Oct-24	24-Oct-24	%	Commodities (Energy)	31-Oct-24	24-Oct-24	%
Eurostoxx 50	4,827.63	4,935.45	-2.2	WTI	69.26	70.19	-1.3
FTSE 10	8,110.10	8,269.38	-1.9	Brent	73.16	74.38	-1.6
DAX	19,077.54	19,443.00	-1.9	Natural Gas	2.71	2.52	7.3
Indexes (Asia)	31-Oct-24	24-Oct-24	%	Commodities (Metals)	31-Oct-24	24-Oct-24	%
Shanghai Comp	3,279.82	3,280.26	-0.0	Gold	2,743.97	2,736.17	0.3
CSI 300	3,891.04	3,928.83	-1.0	Silver	32.66	33.68	-3.0
Hang Seng	20,317.33	20,489.62	-0.8	Copper	9,373.55	9,367.42	0.1
Nikkei 225	39,081.25	38,143.29	2.5	Aluminum	2,591.61	2,615.01	-0.9
10-Year Bonds	31-Oct-24	24-Oct-24	bps	Cryptocurrencies	31-Oct-24	24-Oct-24	bps
US	4.28	4.21	7.3	Bitcoin	69,937.51	68,149.93	2.6
Japan	0.95	0.96	-1.2	Ethereum	2,517.78	2,535.89	-0.7
Germany	2.39	2.27	12.4	Binance	572.80	594.50	-3.7
Mexico	10.11	10.07	3.4	Solana	168.48	177.09	-4.9
Brazil	12.79	12.55	23.9	XRP	0.51	0.53	-4.5

LISTED COMPANIES

Mexican financier David Martínez has acquired a 7.8% stake in **GRUPO TELEVISA** through Fintech LatAm, according to a 13G Form. He has become the company's third largest shareholder.

CEMEX reported weaker-than-expected 3Q24 results with reductions of 3% in USD like-to-like sales, -9% in operating EBITDA, and -98% in free cash flow. Volumes were impacted by extraordinary weather conditions in all regions (domestic gray cement -4%, ready mix -6% and aggregates -2%). However, 3Q24 net profits reached USD406 million, compared with USD126 million in 3Q23, due to a lower effective tax rate and the extraordinary gain from the sale of the Guatemala operations. The company cut its guidance for the year, it now expects a low single digit EBITDA decline, a USD1.5 billion capex, a USD300 million reduction in working capital, and USD900 million in tax payments, including the fiscal penalty in Spain, and a stable debt cost.

AMX has consolidated its Chilean subsidiary ClaroVTR into its ongoing operations through the conversion of all outstanding convertible notes held by AMX in ClaroVTR into equity, resulting in AMX holding a 91.62% majority interest. The transaction was recently approved by regulators. LLA will continue to own an 8.38% equity interest in ClaroVTR.

GFNORTE reported broadly as expected 3Q24 results, with performing loan growth of 11%, led by Corporates, up a notable 24% YoY (+8% QoQ), with the financial and manufacturing sectors highlighted as particularly strong. In the consumer book, credit cards (+26% YoY) and auto loans (+23%) were similarly strong. Credit quality remained benign, leading to provision growth of just 2%. This was partly offset by a weak technical result at the insurance business. Net income rose by 7% YoY.

FUNO's 3Q24 GLA expanded 0.5% YoY to 119.4 million sqft, driven by strategic expansions and reconversions. Total revenues were up 11.0% YoY with rental revenues rising 11.4%, primarily due to higher occupancy across segments, successful lease renewals with higher rents and inflation adjustments in rental contracts. Total occupancy stood at 95.3%, a 1.4% increase YoY (industrial segment 98.4%, retail 92.7%, and office 83.5%). Administrative expenses were up 59.4% due to higher operational activities and inflationary pressures. Operating expenses advanced 12.2% due to seasonal expense variations and higher costs of materials and services. NOI grew 7.6% while FFO was up 2.8%.

BIMBO's 3Q24 revenues increased 7.4% YoY (North America +5.7%, Mexico +6.6%, EAA +20.1% and Latin America +12.7%) to a record high level, driven by positive volume and mix, favorable exchange rate conversion, and contributions from recent acquisitions. Gross profit rose 10.3% with a 150 pbs margin expansion to 53.1%, benefiting from lower raw material costs and favorable mix evolution. Adjusted EBITDA grew 8.4% YoY, reflecting solid sales performance and lower commodity costs. Net profits decreased 11.6%.

FEMSA's revenues were up 8.3% YoY despite weak same-store-sales at OXXO Mexico with higher sales from all business units (Proximity Americas +4.8%, Proximity Europe +20.4%, Health +12.5%, Fuel +8.2% and KOF +10.7%) and favorable FX effects due to the depreciation of the Mexican peso. Gross profit increased 12.1% YoY resulting from margin expansions in Health, Proximity Americas, and Coca-Cola FEMSA, with stable margins in Fuel and Proximity Europe. Adjusted EBITDA rose 19.6% YoY. Growth across business units and operational efficiencies contributed to this performance. Net profits declined 27.5% YoY on higher interest expenses, lower non-cash FX gains, and increased losses from discontinued operations.

FEMSA announced a definitive agreement with AMMI, a leading diversified corporation focused on the production of non-GMO corn and sustainable plastic packaging, a subsidiary of Milenio Capital, to divest FEMSA's plastic solutions operations, for a total consideration of MXN\$3,165 million, net of cash and debt.

ALFA's (with Alpek being reported as a discontinued operation) 3Q24 sales were flat YoY with Sigma's revenues increasing 1%, as volume growth was partially offset by the peso depreciation. Comparable EBITDA grew 13% YoY driven by a 10% increase in Sigma. Controlling interest net loss was USD2 million in 3Q24, from a US\$49 million loss in 3Q23, which includes an accumulated impact associated with a change in accounting methodology related to the ownership stakes of ALFA in its subsidiaries (e.g. Alpek and Sigma). ALFA's USD400 million capital increase will conclude on November 4th. The company will use such proceeds, combined with cash dividends from Sigma and Alpek, to pay down USD575 million in parent company debt. The Alpek spin-off will likely take place at the beginning of 2025.

GCARSO's 3Q24 consolidated revenues increased 8.3% YoY due to a favorable FX rate supporting dollarized domestic sales, exports and Condumex, Elementia/Fortaleza and Carso Energy's foreign sales. By division, the main drivers were the Industrial one with sales up 26%, Elementia with +13.7% and Carso Energy with +3.7%. This was partially offset by the declines of 1.5% in retail and -1.0% in Infrastructure and Construction. Zamajal registered sales of MXN\$430 million. Consolidated EBITDA grew 2.6% YoY due to lower profitability levels in retail and Carso Energy. Controlling net income rose by 6.9%.

FIBRA PROLOGIS has agreed to reduce the management fee to 70 bps (portfolio value of USD0-USD5 billion), to 60 bps (portfolio value between USD5.0-USD7.5 billion) and 50 bps (above USD7.5 billion). The original management fee was 75 bps (portfolio value of USD0-USD5 billion) and 60 bps (above USD5 billion).

OMA's total revenues were down 5.2% YoY primarily driven by 3.4% decline in aeronautical revenues, an 18.9% increase in non-aeronautical revenues and a 34.3% reduction in construction revenues. Total passenger traffic decreased 5.3% to 7.0 million with domestic traffic declining by 7.4% and international traffic increasing by 10.8%. Adjusted EBITDA fell 3.8% after a 6.1% decline in total operating costs and expenses. Consolidated net income decreased 2.1%.

RA posted performing loan growth of 13%, driven by strong corporate demand. The financial margin rose in line, up 12%. On the other hand, provisions and operating expenses saw faster growth, 25% and 19% respectively, resulting in net income growth of just 3%.

LACOMER's 3Q24 revenues were up 10.5% YoY, fueled by effective promotional campaigns such as "Temporada Naranja" and "Miércoles de Plaza," which propelled same store sales growth to 7.6%. Gross margin improved to 29.1%, from 28.7%, to a favorable product mix and enhanced inventory management, boosting gross profit by 11.9%. EBITDA grew 10.3% with a slight expansion in the EBITDA margin to 10.6% supported by operational efficiencies despite rising expenses related to salaries and preoperative costs for new store openings. Net profits were 9.3% higher driven by operating results which offset higher taxes.

SORIANA's total sales advanced 0.6% YoY as a result of a 0.5% rise in total stores while same-store sales declined by 1.5%. Gross profit was up 9.5% YoY, primarily due to a 2.0% reduction in the cost of sales, resulting in a 24.4% gross margin, from 22.4%. EBITDA increased 1.6% with an EBITDA margin of 6.3%, from 6.2%, influenced by higher gross profit despite rising operating expenses. Net income fell to 45.2% YoY on higher financial costs and taxes.

TRAXIÓN's revenues increased 17.9% YoY. Logistics and Technology was once again the main driver, with revenues up 24.5% due to higher demand in Traxporta, and 3PL and 4PL logistics services, in addition to the reconfiguration of the last mile B2B business. Mobility of Cargo sales accelerated to +15.5% as a result of higher revenue per kilometer from a focus on dedicated services and specialized cargo, in addition to a favorable FX effect. Mobility of Personnel revenues rose 14.1% due to high demand from the industrial sector, which required a 17.2% fleet expansion, thus allowing a 10.2% increase in kilometers traveled. Consolidated adjusted EBITDA (not including a MXN\$139 million charge related to the reduction of the B2C last mile business), grew 18.7% with a slight 10 bps expansion in the adjusted EBITDA margin to 18.5%. However, net profits decreased 61.4% due to higher depreciation and interest paid, in addition to the extraordinary charge.

BAFAR's consolidated revenues were up 14.8% YoY supported by a 13.9% increase in food revenues, which benefited from a 5.9% volume growth, mainly due to higher export demand, in addition to higher average prices, we believe as a result of the favorable FX effect. FNova recorded a 26.8% revenue rise due to the portfolio expansion, the start of new contracts with Visteon, Regal and ZF, the incorporation of the second agro-industrial property, higher rents in US dollars and depreciation of the Mexican peso. Consolidated gross margin contracted 1 PP to 30.3% due to the FX impact. However, profitability at the EBITDA level improved due to operational efficiencies and a higher contribution from value-added products, resulting in a favorable 24.5% YoY EBITDA growth. Net income rose 85.5% YoY, supported by strong operating results in combination with lower FX losses and taxes.

HOTEL's total revenues were up 3.4% YoY, mainly supported by a 3.5% increase in room revenues, which benefited from the gradual reopening of the Krystal Beach Acapulco hotel since last July, a 6.9% rise in the ADR and a 0.7 PP improvement in occupancy levels to 61.0% in the company's owned hotels. Managed hotels also contributed with a 24.8% sales increase resulting from the opening of Secrets Tulum Resort & Spa, while other revenues advanced 25.1%. Food and beverage revenues remained stable, while Vacation Club sales decreased 13.1%. EBITDA fell 7.7% YoY as a result of 6.5% increase in total costs and expenses. The margin contracted 2.6 percentage points to 21.2%. However, EBITDA stabilized sequentially. The company recorded a MXN\$86 million net loss, due to lower operating results and higher net financial costs.

FIBRAMQ has completed the acquisition of a 10-hectare land parcel in Guadalajara for MXN\$168.0 million, excluding transaction costs and taxes. FIBRAMQ anticipates developing two Class A buildings on this parcel over time, with a total GLA of approximately 460 thousand square feet.

NEMAK announced that Armando Garza Sada will retire as the company's Chairman of the Board. He will be replaced by Alvaro Fernández Garza.

OTHER COMPANIES

GRUPO COPPEL opened a new distribution center in Texcoco, State of Mexico, which required an investment of more than MXN\$1.2 billion pesos (USD60 million). This distribution center is the company's largest facility in Mexico, since it will be 25% more productive than the rest and has the capacity to supply more than 225 thousand products daily to 235 stores in 35 cities in the country.

MERCADO LIBRE opened two new Distribution Centers in Villa de Tezontepec, Hidalgo, and Tultepec, State of Mexico, bringing the total to 11 in the country.

TRADE AND ECONOMICS

3Q24 preliminary GDP grew by a higher-than-expected 1.0% QoQ in real terms based on seasonally adjusted data. GDP growth accelerated compared to 0.1% in 1Q24 and 0.2% in 2Q24. Primary activity was the main driver with a 4.6% increase, followed by secondary and tertiary activities with 0.9% in both cases. According to original data, 3Q24 GDP was up 1.5% YoY (from 2.1% in 2Q24) also boosted by a 4.1% YoY rise in primary activities, followed by tertiary activities with 2.0% and secondary activities with 0.6%.

Mexico recorded a **USD579 million trade deficit** in September, narrowing sharply from the USD1.5 billion deficit in the corresponding period of the previous year, marking the lowest trade gap for the month since 2019. Exports remained unchanged at USB49.6 billion (oil -44.9%, non-oil +3.3%), while imports declined 1.8% YoY to USD50.2 billion (oil -33.8%, non-oil +1.4%, consumer goods -5.3%, intermediate goods -0.7%, capital goods -4.5%).

Hacienda announced the refinancing of MXN\$47.5 billion pesos, of which MXN\$20.4 billion corresponded to 2025 maturities and MXN\$27.1 billion to 2026 maturities. This transaction met three objectives: 1) improve the maturity profile of the public debt denominated in pesos; 2) increase the average term of the portfolio, and 3) streamline liquidity for the years 2025 and 2026.

CETES auction: 28-day CETES flat at 10.20%; 91-day CETES +5 bps to 10.53%; 181-day CETES +17bps to 10.64% and 350-day CETES +37 bps to 10.62%.



	Price		Return in Pesos					YTD
	31-Oct-24	1 Day	1 Week	1 Month	3 Month	6 Month		
IPC	50,661.05	-0.4	-2.2	-3.5	-3.4	-10.7	-11.7	
Pesos / Dólar	20.04	-0.6	1.2	2.1	6.2	17.9	18.1	
<i>Telecommunications</i>								
Amx B	\$ 15.81	-1.2	-3.9	-2.1	2.1	-3.1	0.4	
Axtel CPO	\$ 1.18	2.6	0.0	8.3	-10.6	11.3	75.3	
<i>Media / Entertainment</i>								
Tlevisa CPO	\$ 9.96	0.6	7.7	-0.1	24.7	-1.7	-7.5	
Aguilas CPO	\$ 34.00	-2.9	-7.7	-7.6	-18.5	n.a.	n.a.	
Azteca CPO	\$ 0.50	0.0	0.0	0.0	0.0	0.0	0.0	
Mega CPO	\$ 43.90	0.7	5.0	7.5	0.8	-12.0	15.8	
CIE B	\$ 26.30	0.0	0.0	0.0	14.3	14.5	20.8	
<i>Self-service</i>								
Walmex*	\$ 55.02	-0.3	-6.9	-7.0	-9.6	-13.9	-23.1	
Soriana B	\$ 28.39	0.0	-2.1	-8.7	-9.0	-16.4	-21.9	
Lacomerc UBC	\$ 36.19	-0.1	-1.9	-8.0	5.0	-1.4	-17.2	
Chdraui B	\$ 126.61	-0.9	-6.3	-14.4	-7.6	0.0	23.4	
<i>Specialized Retail</i>								
Alsea*	\$ 48.38	-0.9	-6.2	-10.6	-12.2	-32.6	-24.6	
Livepol C	\$ 105.60	0.2	-1.1	-10.3	-18.9	-22.7	-8.6	
Elektra*	\$ 944.95	0.0	0.0	0.0	0.0	-14.5	-19.5	
Sports	\$ 6.29	1.5	1.0	18.7	28.1	39.8	48.0	
<i>Beverages</i>								
AC *	\$ 171.31	-0.5	-0.7	-6.9	-6.1	2.5	-7.6	
Femsa UBD	\$ 194.23	0.7	1.4	0.3	-5.2	-2.3	-11.1	
Kof L	\$ 166.52	-2.7	-1.2	-4.5	0.7	-2.0	3.4	
Cultiba B	\$ 10.27	0.2	-2.2	2.7	-2.7	-1.7	-17.7	
<i>Food</i>								
Bimbo A	\$ 62.16	0.4	-2.7	-8.3	-5.3	-13.4	-27.7	
Gruma B	\$ 345.64	-0.3	-0.8	-5.5	-0.4	2.7	11.1	
Cuervo*	\$ 26.30	-3.8	-6.4	-15.2	-11.6	-24.4	-20.9	
Herdez *	\$ 52.34	2.0	0.2	-4.0	-3.6	6.9	13.5	
<i>Consumer Goods</i>								
Kimber A	\$ 28.73	0.6	-0.1	-9.8	-11.2	-19.4	-24.7	
Lab B	\$ 26.72	3.1	5.6	18.2	43.0	59.9	88.7	
<i>Cement, Construction & Infrastructure</i>								
Cemex CPO	\$ 10.54	-0.8	-11.8	-12.6	-10.5	-22.3	-20.3	
Ideal B1	\$ 38.70	0.0	0.0	0.0	-0.8	-0.8	4.6	
Aleatic *	\$ 60.00	0.0	21.2	20.3	30.4	71.4	62.2	
Pinfra *	\$ 174.53	-1.0	1.1	-5.8	2.3	1.4	-5.0	
Lamosa *	\$ 119.00	0.0	0.0	2.6	-1.7	-7.8	-10.8	
GCC*	\$ 163.64	2.3	2.2	11.0	3.5	-16.1	-18.2	
CMoctez*	\$ 75.00	0.0	0.0	0.0	1.0	0.0	0.2	
<i>Housing</i>								
Ara *	\$ 3.17	3.9	8.2	3.6	2.3	-4.5	-13.6	
Cadu A	\$ 3.50	0.0	0.0	6.1	-4.1	-22.2	23.7	
Javer *	\$ 11.51	0.0	0.0	-15.7	-11.5	-6.3	-8.7	
Vinte*	\$ 33.00	0.0	2.2	3.7	4.1	2.5	7.8	



	Price		Return in Pesos					YTD
	31-Oct-24	1 Day	1 Week	1 Month	3 Month	6 Month		
<i>Mining & Metals</i>								
GMexico B	\$ 104.69	-3.1	-4.2	-4.6	3.8	-1.1	11.2	
Peñoles *	\$ 314.31	-1.4	3.1	20.3	18.4	26.4	26.6	
Mfrisco A1	\$ 3.90	-0.3	-1.0	10.2	21.5	12.7	68.1	
Autlan B	\$ 7.96	0.0	-4.1	0.3	6.0	-20.4	-32.4	
<i>Steel</i>								
Ich B	\$ 183.51	-0.9	-1.3	-2.1	-1.9	-0.8	-5.4	
Simec B	\$ 185.00	0.0	0.0	0.0	0.0	1.6	2.2	
<i>Airlines / Airports</i>								
Volar A	\$ 14.89	-0.3	6.2	19.8	35.1	5.7	-6.9	
Asur B	\$ 535.17	-0.4	0.9	-4.0	-2.8	-7.4	9.5	
Gap B	\$ 346.96	-0.9	2.1	1.5	17.1	13.9	19.9	
Oma B	\$ 167.61	-1.9	4.5	0.7	6.7	-11.6	-6.8	
<i>Industrials</i>								
Alfa A	\$ 14.50	-0.2	-0.3	-6.3	45.9	19.8	10.7	
Alpek A	\$ 12.99	1.4	3.9	3.1	7.7	2.0	2.8	
Nemak A	\$ 2.11	0.0	-5.0	5.0	-13.9	-28.7	-49.0	
GCarso A1	\$ 120.31	2.0	0.9	-1.3	1.0	-10.7	-36.5	
Orbia*	\$ 18.36	-0.2	-4.4	-7.8	-22.5	-34.8	-51.2	
Kuo B	\$ 41.99	0.0	0.0	-0.0	-2.3	-5.9	-5.0	
Gissa A	\$ 17.14	0.0	-2.1	-11.7	-20.6	-22.6	-35.3	
Agua*	\$ 20.68	1.3	-1.6	-12.2	-18.2	-27.5	-30.0	
Pochtec B	\$ 6.34	-0.2	3.1	-4.8	-5.2	-12.2	-11.3	
Vitro A	\$ 8.80	-1.1	0.7	-2.2	7.3	0.0	-64.7	
<i>Financial</i>								
Bolsa A	\$ 32.72	0.6	1.2	3.0	14.2	1.7	-6.9	
GFinbur O	\$ 44.93	-0.8	-1.3	0.7	-0.1	-5.4	-3.8	
GFNorte O	\$ 139.33	1.0	-1.9	-0.1	-0.1	-17.8	-18.4	
Regional	\$ 127.07	4.9	7.6	11.2	-3.1	-17.9	-21.7	
Bbajio O	\$ 44.48	1.5	5.0	-3.3	-16.1	-29.6	-21.7	
Q*	\$ 139.99	0.2	2.7	-9.1	-18.2	-37.5	-18.4	
Genera *	\$ 25.54	1.8	0.7	16.1	17.7	-7.0	8.3	
Findep *	\$ 8.20	-10.4	-10.4	-10.4	-13.7	-20.4	-18.0	
Actinvr B	\$ 16.50	0.0	1.2	1.2	1.2	9.3	7.8	
<i>Fibras / Real Estate</i>								
Funo 11	\$ 23.04	-1.0	-0.5	0.5	-0.6	-6.3	-24.6	
Fshop 13	\$ 7.99	0.0	0.5	1.1	16.3	31.6	38.2	
Dahnos 13	\$ 21.60	2.1	4.8	2.6	7.4	6.4	5.5	
Fibra MQ	\$ 33.12	1.1	3.5	5.2	6.6	7.5	4.3	
Finn 13	\$ 4.83	-0.2	2.8	-3.0	1.9	-13.6	-2.8	
Fiho12	\$ 9.21	4.1	15.0	9.3	1.0	3.7	-7.3	
Fibra HD	\$ 2.36	-1.3	0.4	17.4	16.3	18.0	24.9	
Prologis	\$ 66.97	0.9	0.4	5.1	8.8	0.2	-14.2	
Terra 13	\$ 36.77	2.1	-1.4	-3.1	-6.1	-12.7	1.8	
Vesta *	\$ 52.29	1.5	3.4	-1.6	-4.2	-13.7	-22.5	
Hotel *	\$ 3.90	2.6	4.0	5.4	-2.5	10.2	0.0	
Gicsa B	\$ 2.25	0.0	-4.3	-1.3	-2.6	-4.7	-2.2	
HCity*	\$ 4.69	1.7	-8.0	5.6	4.5	3.5	-20.9	