

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets negative, government bond yields mixed, and USD down, with investors cautious assimilating some disappointing signals from big tech earnings and the US labor market report
- The US employment figures for July showed signs of a slowdown. Only 114k jobs were created (consensus 175k), with the revision to the previous two months subtracting 29k jobs. Meanwhile, the unemployment rate rose to 4.3% (consensus 4.1%). Wages moderated their pace of growth to +0.2% m/m (previous +0.3% m/m). The report supports a first rate cut by the Fed in September
- On the monetary policy front, attention on comments from Barkin and Goolsbee from the Federal Reserve
- In Mexico, INEGI released June's employment report. The unemployment rate climbed to 2.78% (+15bps), with 863,862 jobs lost. With seasonally adjusted figures the rate came in at 2.74% (+10bps). INEGI also published investment for May at +0.7% m/m (previous: +0.8%). Construction grew 2.4%, with machinery and equipment negative at -1.3%. In annual terms GFI came in at +6.0%. Private consumption for the fifth month of 2024 came in at -0.4% m/m (previous: -1.0%), dragged by the imported component (-3.6%). This implies +2.6% in annual terms

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Winners of the award as the best economic forecasters in Mexico by LSEG in 2023



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Industrial production - Jun	% y/y	--	1.3	-1.0
8:00	Industrial production* - Jun	% m/m	--	2.5	-0.9
Mexico					
8:00	Unemployment rate - Jun	%	2.66	2.60	2.62
8:00	Gross fixed investment - May	% y/y	6.4	8.4	18.1
8:00	Gross fixed investment* - May	% m/m	0.9	0.9	0.9
8:00	Private consumption - May	% y/y	4.1	2.9	8.0
8:00	Private consumption* - May	% m/m	0.4	--	-0.9
United States					
8:30	Nonfarm payrolls* - Jul	thousands	180	175	206
8:30	Unemployment Rate* - Jul	%	4.1	4.1	4.1
10:00	Factory orders* - Jun	% m/m	--	-3.2	-0.5
10:00	Ex transportation* - Jun	% m/m	--	--	-0.7
10:00	Durable goods orders* - Jun (F)	% m/m	--	-6.6	-6.6
10:00	Ex transportation* - Jun F	% m/m	--	0.5	0.5

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,382.75	-1.8%
Euro Stoxx 50	4,694.42	-1.5%
Nikkei 225	35,909.70	-5.8%
Shanghai Composite	2,905.34	-0.9%
Currencies		
USD/MXN	19.04	1.0%
EUR/USD	1.08	0.4%
DXY	104.03	-0.4%
Commodities		
WTI	75.72	-0.8%
Brent	78.97	-0.7%
Gold	2,458.02	0.5%
Copper	411.25	0.7%
Sovereign bonds		
10-year Treasury	3.94	-4pb

Source: Bloomberg

Equities

- August begins with widespread losses. Investors are uneasy after disappointing signals from big techs, so futures anticipate a lower opening. The S&P500 is trading 1.8% below its theoretical value and the Nasdaq at -2.5% after jobs report
- We already have ~75% of the results of S&P500 companies and an 11.0% increase in earnings vs 8.8%e has been achieved. The positive surprises rate stands at 79.2%
- In particular, Amazon falls (-8%) after reporting below expectations and presenting higher expenses to meet the demand for AI. Intel (-22%) is under pressure after providing bleak forecasts and announcing layoffs. Apple, on the other hand, remains sideways despite beating estimates, but with concerns about how profitable AI is. From today's reports, we observe mixed signals: Exxon(+) and Chevron(-). In Mexico, FibraPI already has the majority of votes to acquire Terra

Sovereign fixed income, currencies and commodities

- Treasuries strengthen significantly with the curve steepening. The short-end rallies by up to 29bps, with the 2-year trading as low as 3.87%, its strongest level in a year. The long-end appreciates by an average of 15bps. The 10-year note stands at 3.85% (-12bps)
- The dollar weakens against broad gains in the G10, with JPY (+1.5%) being the strongest, followed by CHF (+0.9%). In EM, MXN leads the losses, depreciating 1.1% to 19.04 per dollar, reaching up to 19.21 intraday. The peso is set for a weekly depreciation of 3.2%
- Commodities decline except for gains in precious metals, with gold appreciating 1% and silver 2%. Oil falls 2%, also impacted by risk aversion sentiment and weak demand outlook following contractions in PMIs across several regions

Corporate Debt

- S&P Global Ratings upgraded Gruma's national scale rating to 'mxAAA' from 'mxAA+'. It also affirmed its long-term global scale rating of 'BBB' and revised its outlook to Positive from Stable. According to the agency, Gruma maintained solid EBITDA and cash flow, as well as a prudent capital utilization strategy. This resulted in improved credit metrics in 1H24, with a debt-to-EBITDA ratio already below 1.5x. S&P Global expects this trend to continue over the next 12 to 24 months
- FEMSA announced that it entered into an agreement to acquire the retail operation of Delek US Holdings, which includes 249 convenience stores located primarily in Texas, U.S. for a total consideration of US\$385 million, cash net and debt, including the acquisition of inventory

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,347.97	-1.2%
S&P 500	5,446.68	-1.4%
Nasdaq	17,194.14	-2.3%
IPC	52,417.48	-1.3%
Ibovespa	127,395.10	-0.2%
Euro Stoxx 50	4,765.72	-2.2%
FTSE 100	8,283.36	-1.0%
CAC 40	7,370.45	-2.1%
DAX	18,083.05	-2.3%
Nikkei 225	38,126.33	-2.5%
Hang Seng	17,304.96	-0.2%
Shanghai Composite	2,932.39	-0.2%
Sovereign bonds		
2-year Treasuries	4.15	-11pb
10-year Treasuries	3.98	-5pb
28-day Cetes	10.99	2pb
28-day TIIE	11.25	0pb
2-year Mbono	10.64	8pb
10-year Mbono	9.84	5pb
Currencies		
USD/MXN	18.86	1.3%
EUR/USD	1.08	-0.3%
GBP/USD	1.27	-0.9%
DX	104.42	0.3%
Commodities		
WTI	76.31	-2.1%
Brent	79.52	-1.5%
Mexican mix	71.49	-0.6%
Gold	2,446.26	-0.1%
Copper	408.25	-2.3%

Source: Bloomberg

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