

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed –Europe lower but with S&P500 futures positive–, government bond yields mixed –albeit with Treasuries yield up–, and the USD strengthening. Markets regain some calm, ruling out an emergency interest rate cut by the Fed that boosted a massive sell-off along with the flight to safe-haven assets yesterday
- Kamala Harris plans to barnstorm swing states starting today after clinching the Democratic nomination in a virtual roll call vote yesterday. Her running mate is expected to be announced today in a rally Philadelphia
- In Germany, industry's new orders in June surprised positively at +3.9% m/m, with the auto sector being one of the drivers. June's retail sales in the Eurozone fell 0.3% m/m. In the US, the trade balance showed a deficit of US\$73.1 billion in June. At night, China's trade flows will be released for June
- On the monetary front, in Australia the central bank left its reference rate at 4.35%, saying that they need to wait before cutting rates. In Brazil, the minutes signaled that the disinflationary process has slowed down, so they must keep rates in restrictive territory
- In other news, Tropical Storm Debby is expected to cause major floods in the next days in Georgia and South Carolina. On Monday Debby hit Florida as a category 1 Hurricane

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Retail sales* - Jun	% m/m	--	-0.1	0.1
Brazil					
7:00	COPOM minutes				
United States					
8:30	Trade balance* - Jun	US\$bn	--	-72.5	-75.1
Mexico					
11:00	International reserves - Aug 2	US\$bn	--	--	221.7
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 10-year Mbono (Nov'34), 3-year Udibono (Dec'26) and 2-, and 5-year Bondes F				
16:30	Citibanamex Survey of Economists				
China					
23:00	Trade balance - Jul	USDbn	--	98.2	99.1
23:00	Exports - Jul	% y/y	--	9.1	8.6
23:00	Imports - Jul	% y/y	--	3.0	-2.3

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

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



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,234.25	0.3%
Euro Stoxx 50	4,545.99	-0.6%
Nikkei 225	34,675.46	10.2%
Shanghai Composite	2,867.28	0.2%
Currencies		
USD/MXN	19.43	0.4%
EUR/USD	1.09	-0.4%
DXY	103.12	0.4%
Commodities		
WTI	72.38	-0.8%
Brent	75.76	-0.7%
Gold	2,393.96	-0.7%
Copper	398.60	-0.3%
Sovereign bonds		
10-year Treasury	3.83	4pb

Source: Bloomberg

Equities

- Equity markets are mixed, with investors looking for some opportunity buying after recent declines. Caution prevails and the VIX index remains at high levels, not seen in almost two years
- US futures advance with the S&P500 and Nasdaq trading 0.8% above their theoretical value. In contrast, Europe trades lower and the Eurostoxx declines 0.6%. Technology stocks lead gains, although offset by declines in Healthcare. In Asia, some stock markets reversed yesterday's losses and closed mostly higher, with the Nikkei rising 10.2%
- In corporate news, today's reports were mostly better than expected. Uber (+8.5%) beat expectations on results, on the other hand, Caterpillar (+3.0%) raised its profit guidance for the rest of the year

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. The 10-year European rates decrease 4bps on average. On the contrary, the Treasuries' curve prints losses of 4bps. Yesterday, the Mbonos' curve printed a sell-off of up to 6bps at the belly and the local risk premium rose to 591bps from 566bps a week ago
- Dollar positive against all G10 currencies with GBP (-0.7%) as the weakest followed by JPY (-0.4%). With this, the latter halt five-day rally of 6.4%. In EM, the bias is negative, except BRL (+0.8%) that is outperforming after central bank opens door to rate hikes. The MXN trades at 19.43 per dollar (-0.4%)
- Crude-oil futures trade near to seven-month low despite production from Libya's largest oil field halted completely. Widespread losses in metals, excluding aluminum (+1.2%), while copper and gold fall 0.4% and 0.6%, respectively

Corporate Debt

- Fitch Ratings assigned a 'BBB+(mex)' local scale rating to Minera Frisco's proposed long-term issuance of unsecured notes MFRISCO 24 / 24-2 / 24-3
- The assigned rating reflects the company's tight financial profile, characterized by high leverage ratios and a low interest coverage ratio
- The bonds are intended to be issued for up to MXN 12 billion and will have terms of 1, 2, and 3 years, respectively. The proceeds from the issuance will be used to pay short and long-term market debt

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,703.27	-2.6%
S&P 500	5,186.33	-3.0%
Nasdaq	16,200.08	-3.4%
IPC	51,776.48	-0.9%
Ibovespa	125,269.54	-0.5%
Euro Stoxx 50	4,571.60	-1.4%
FTSE 100	8,008.23	-2.0%
CAC 40	7,148.99	-1.4%
DAX	17,339.00	-1.8%
Nikkei 225	31,458.42	-12.4%
Hang Seng	16,698.36	-1.5%
Shanghai Composite	2,860.70	-1.5%
Sovereign bonds		
2-year Treasuries	3.92	4pb
10-year Treasuries	3.79	0pb
28-day Cetes	11.03	7pb
28-day TIIIE	11.25	0pb
2-year Mbono	10.40	6pb
10-year Mbono	9.72	4pb
Currencies		
USD/MXN	19.36	0.9%
EUR/USD	1.10	0.4%
GBP/USD	1.28	-0.2%
DXY	102.69	-0.5%
Commodities		
WTI	72.94	-0.8%
Brent	76.30	-0.7%
Mexican mix	67.87	-1.6%
Gold	2,410.79	-1.3%
Copper	399.90	-2.5%

Source: Bloomberg

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