

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative while S&P Futures positive, government bond yields mixed and the dollar trading with gains, as volatility in markets continues, with investors debating upcoming central bank decisions and digesting jobless claims data after last week undermined payrolls figures**
- **On the monetary policy front, attention is on Banxico's decision, where we anticipate a 25bps interest rate cut to 10.75%, in line with consensus, but with a split decision. In the afternoon, the central bank of Peru will announce its decision, where it is expected to keep its reference rate unchanged at 5.75%. In addition, the market will be attentive to comments from Barkin of the Fed in search of further signals on his next actions**
- **Regarding economic figures, in U.S. initial jobless claims stood at 233k, below the consensus estimate of 240k and the previous week's 249k, while continuing claims –which include those who have been filing for at least a week– were higher than the previous figure. In the evening, inflation data for July will be released in China**
- **In Mexico, INEGI published July's inflation at 1.05% m/m, with the core at 0.32% –both slightly above expectations. As such, annual inflation accelerated to 5.57% (previous: 4.98%), with the core lower at 4.05% (previous: 4.13%)**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Consumer prices - Jul	% m/m	1.13	1.00	0.38
8:00	Core - Jul	% m/m	0.28	0.29	0.22
8:00	Consumer prices - Jul	% y/y	5.66	5.50	4.98
8:00	Core - Jul	% y/y	4.02	4.02	4.13
15:00	Monetary policy decision (Banxico)	%	10.75	10.75	11.00
United States					
8:30	Initial jobless claims* - 3 Aug	thousands	238	243	249
15:00	Fed's Barkin speaks in NABE Webinar				
Peru					
19:00	Monetary policy decision (BCRP)	%	--	5.75	5.75
China					
21:30	Consumer prices - Jul	%	--	0.3	0.2

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

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Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



[@analisis_fundam](http://www.banorte.com/analisiseconomico)

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	5,268.00	0.8%
Euro Stoxx 50	4,646.94	-0.5%
Nikkei 225	34,831.15	-0.7%
Shanghai Composite	2,869.90	0.0%
Currencies		
USD/MXN	19.13	-0.8%
EUR/USD	1.09	-0.3%
DXY	103.35	0.1%
Commodities		
WTI	75.45	0.3%
Brent	78.43	0.1%
Gold	2,408.58	1.1%
Copper	393.85	-0.3%
Sovereign bonds		
10-year Treasury	3.99	5pb

Source: Bloomberg

Equities

- Caution returns and the main stock markets show a negative bias after the recent dip buying. On the other hand, US futures anticipate an unchanged opening. Out of 15 S&P500 companies releasing their results today, 7 have already released them, most of them better than expected
- Europe trades lower, with the Eurostoxx down 0.5%, dragged down by the technology and consumer staples sectors. In Asia, declines predominated, highlighting the Nikkei with -0.7%
- In domestic corporate news, Oma reported a 4.2% y/y decline in passenger traffic monthly of July, reflecting a 6.2% y/y fell in the domestic segment and a 10.7% y/y increase in international. In the US, Eli Lilly is climbing in pre-market (+10.4%) after raising its 2024 sales guidance

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. 10-year rates in Europe are down 1bp on average, while the Treasuries' curve records losses of 6bps. Yesterday, the Mbonos' curve printed an adjustment of -10bps on average. The 10-year benchmark (Nov'34) closed at 9.64% (-11bps)
- Positive dollar against most G10 currencies, with NOK (-0.5%) as the weakest. In EM, the bias is positive, with a better performance for Asian currencies. The MXN appreciates 0.3% to 19.23 per dollar, extending the advance of the previous session (+1.5%)
- Mixed performance in commodities. Crude-oil futures fall slightly 0.1%, following the hint of a possible diplomatic rapprochement by Iran's president, after a call with his French counterpart. Gold and silver rise 1.3% and 1.7%, respectively

Corporate Debt

- Fitch Ratings affirmed Comisión Federal de Electricidad's international scale rating at 'BBB-' and its national scale rating at 'mxAAA'. The outlook is Stable. The ratings are equal to Mexico's sovereign rating, reflecting its strategic relevance to the country and government ownership
- Arrendadora Actinver announced its intention to prepay its short-term issue ARREACT 04123 on August 16, 2024. The bond currently has an outstanding amount of MXN 700 million
- S&P Global Ratings assigned an 'mxAAA' rating to Banco Inbursa's BINBUR 24 / 24-2 unsecured bonds, which it intends to issue for a target amount of MXN 5 billion (max. MXN 10 billion)

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,763.45	-0.6%
S&P 500	5,199.50	-0.8%
Nasdaq	16,195.81	-1.0%
IPC	52,680.90	0.5%
Ibovespa	127,513.88	1.0%
Euro Stoxx 50	4,668.06	2.0%
FTSE 100	8,166.88	1.7%
CAC 40	7,266.01	1.9%
DAX	17,615.15	1.5%
Nikkei 225	35,089.62	1.2%
Hang Seng	16,877.86	1.4%
Shanghai Composite	2,869.83	0.1%
Sovereign bonds		
2-year Treasuries	3.96	-1pb
10-year Treasuries	3.94	5pb
28-day Cetes	10.86	0pb
28-day TIIE	11.25	2pb
2-year Mbono	10.39	-8pb
10-year Mbono	9.66	-12pb
Currencies		
USD/MXN	19.29	-1.5%
EUR/USD	1.09	-0.1%
GBP/USD	1.27	0.0%
DX	103.20	0.2%
Commodities		
WTI	75.23	2.8%
Brent	78.33	2.4%
Mexican mix	69.83	2.5%
Gold	2,382.92	-0.3%
Copper	395.20	-1.9%

Source: Bloomberg

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Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugo.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904