Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets positive, government bond yields negative, and the USD showing little changes. Investors await catalysts to define the way forward on Fed easing as fears of a recession seem to be moderating**

- **Regarding economic data, inflation data for July was released in Germany, Brazil and China. In the first country, the final figure for the month was published, which showed no changes vs. the preliminary read at 2.6%. In the second, the annual comparison accelerated to 4.5%, with something similar happening in the third, at 0.5% y/y –with this last figure surprising markets–**

- **In Mexico, June's industrial production showed 0.4% m/m increase (-0.7% y/y). The boost came from manufacturing (2.0% m/m), although with mining (-2.0%) and construction (-2.3%) down**

- **On the monetary front, a Bloomberg survey of economists shows that the expectation is for the Fed to cut rates by only 25bps, this considering that the embedded cut in rate futures contemplates around 40bps of reductions. In this context, members' comments still show divergence, with Schmid (Kansas) saying it is too early to cut, while Collins (Boston) mentioned that reductions could materialize soon if inflation continues to fall**

- **On the US election, Trump agreed to debate Harris on September 10th. In recent days, Harris' momentum in the polls has been something to note, closing the gap with Trump, in addition to making public who will be her running mate**

- **In China, regulators asked banks for records of government bond buyers. The purpose of this measure is to combat speculators and try to cool down the rally of these assets**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Consumer prices - Jul (F)	% y/y	--	2.3	2.3
Mexico					
	Wage negotiations - Jul	% y/y	--	--	9.7
8:00	Industrial production - Jun	% y/y	-0.8	-1.0	1.0
8:00	Industrial production* - Jun	% m/m	0.4	0.4	0.7
8:00	Manufacturing output - Jun	% y/y	-2.8	--	-1.4
Brazil					
8:00	Consumer prices - Jul	% m/m	--	0.35	0.21
8:00	Consumer prices - Jul	% y/y	--	4.47	4.23

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	5,337.50	-0.2%
Euro Stoxx 50	4,671.57	0.1%
Nikkei 225	35,025.00	0.6%
Shanghai Composite	2,862.19	-0.3%
Currencies		
USD/MXN	18.83	-0.2%
EUR/USD	1.09	0.0%
DXY	103.25	0.0%
Commodities		
WTI	76.66	0.6%
Brent	79.55	0.5%
Gold	2,426.75	0.0%
Copper	403.60	1.9%
Sovereign bonds		
10-year Treasury	3.95	-4pb

Source: Bloomberg

Equities

- **Widespread gains, albeit modest, in the main stock indices, while some dip-buying continues**

- **Futures in the US remain without a clear trend and marginal movements, while some corporate reports continue to be assimilated. The S&P500 seems to have mitigated Monday's losses after yesterday's rise (+2.3%), registered as one of the largest since 2022. In Europe, advances are led by the mining and real estate sectors, while in Asia we observe positive closings, with the exception being markets in China with moderate falls**

- **We are entering the final stretch of the reporting season in the US. With 91% of the results of S&P500 companies, a 9.3% increase in earnings per share vs. 8.8%e has been achieved. The surprise rate stands at 78.6%. Expedia and Paramount Global exceeded expectations**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. 10-year rates in Europe are down 4bps on average, while the Treasuries' curve prints a flattening bias with gains of 5bps at the long-end. Yesterday, the Mbonos' curve recorded an adjustment of -15bps on average**

- **Dollar negative against most G10 currencies, with AUD (-0.3%) and CHF (+0.2%) at the extremes. In EM, the bias is positive, with MYR (+1.1%) being the strongest. The MXN appreciates 0.2% to 18.84 per dollar, scoring three positive days in a row**

- **Mixed performance in commodities. Crude-oil futures rise 0.5%, driven by a halt in production from Libya's largest field. Gold and silver fall 0.1% and 0.3%, respectively**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,446.49	1.8%
S&P 500	5,319.31	2.3%
Nasdaq	16,660.02	2.9%
IPC	52,876.55	0.4%
Ibovespa	128,660.88	0.9%
Euro Stoxx 50	4,668.74	0.0%
FTSE 100	8,144.97	-0.3%
CAC 40	7,247.45	-0.3%
DAX	17,680.40	0.4%
Nikkei 225	34,831.15	-0.7%
Hang Seng	16,891.83	0.1%
Shanghai Composite	2,869.90	0.0%
Sovereign bonds		
2-year Treasuries	4.04	8pb
10-year Treasuries	3.99	4pb
28-day Cetes	10.76	-10pb
28-day TIIE	11.25	0pb
2-year Mbono	10.17	-22pb
10-year Mbono	9.57	-9pb
Currencies		
USD/MXN	18.87	-2.1%
EUR/USD	1.09	0.0%
GBP/USD	1.27	0.4%
DXY	103.21	0.0%
Commodities		
WTI	76.19	1.3%
Brent	79.16	1.1%
Mexican mix	70.81	1.4%
Gold	2,427.53	1.9%
Copper	395.90	0.2%

Source: Bloomberg

Corporate Debt

- **Today we expect the offering of three bank bonds from Bancomext, BACMEXT 24-3X / 24DX / 24-4X, for a target amount of MXN 7.5 billion (max. MXN 15.0 billion) and terms of 3.5, 3 and 10 years, respectively. The bonds are rated 'AAA' by Moody's Local MX and HR Ratings and have Sustainable Bond (X) labels**

- **Fibra Educa informed the acquisition of five properties belonging to the education sector in the State of Mexico, Tamaulipas and Coahuila with a total gross leasable area of 45,121m2. The acquisition was made with the funds obtained from the debt placement made at the end of 2023**

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, 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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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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