Financial Markets Daily

Main drivers for the financial markets today…

- Stock markets and government bond yields higher, with USD mixed. Better tone among investors as recent volatility induced some tactical purchases at better entry levels, with the focus on inflation data and central bankers' messages about the timing and magnitude of possible rate cuts

- During the rest of the day, we will only know the inflation expectations survey from the New York Fed

- Market attention this week on July's inflation in the US. We expect +0.2% m/m, in line with consensus and that we would judge as favorable. With this, the annual rate would probably stay unchanged at 3.0%. We will also get to know the same indicator in the UK

- Also, on economic data as we have observed heightened concerns about the possibility of a recession and its impact on central bank decisions. Specifically, preliminary 2Q24 GDP in the UK, Eurozone, and Japan

- Regarding monetary policy, catalysts will be relatively scarce. Decisions only in New Zealand, and Philippines, along with some speeches from members of the Fed

- The rest of the US data agenda includes producer prices, retail sales, industrial production, building permits, housing starts (Jul), and regional manufacturing indicators (Empire and Philly Fed) along with U. of Michigan consumer confidence (Aug)

- Regarding other regions, we highlight industrial production in China, the Eurozone, and the UK; in the former also retail sales and investment in July, in the second region the trade balance, and in the latter case the unemployment rate (Jun)

- In Mexico, July's consumer confidence stood at 46.9pts from 47.5pts in the previous month. No more important data will be published during the rest of the week

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,387.50	0.3%
Euro Stoxx 50	4,680.55	0.1%
Nikkei 225	35,025.00	0.0%
Shanghai Composite	2,858.21	-0.1%
Currencies		
USD/MXN	18.83	0.0%
EUR/USD	1.09	0.1%
DXY	103.23	0.1%
Commodities		
WTI	77.70	1.1%
Brent	80.35	0.9%
Gold	2,444.57	0.5%
Copper	404.60	1.3%
Sovereign bonds		
10-year Treasury	3.93	-1pb

Source: Bloomberg

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Consumer confidence* - Jul	index	47.7	--	47.5
United States					
11:00	New York Fed 1-yr inflation expectations - Jul	%	--	--	3.02

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

Equities

- **The week starts with a positive bias as investors wait for key information to assess the monetary policy outlook. At today's market close, changes to the quarterly rebalancing of MSCI indices, effective at the close of August 30, will be announced, which could add volatility starting tomorrow**

- **US futures anticipate a positive opening, with the S&P500 and the Nasdaq up 0.3%. The Eurostoxx gains 0.1%. Energy and financial stocks lead gains, while consumer staples and healthcare are the weakest. Asia closed positive**

- **With the quarterly reporting season approaching its final stage in the US, only 8 S&P500 companies are expected to report this week, highlighting: Home Depot and Walmart**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. Ten-year European rates up 1bp on average, while the Treasuries' curve prints modest gains of 1bp at the mid and short-end. Last week, the Mbonos' curve adjusted -32bps on average**

- **Mixed dollar against G10 currencies, with NZD (+0.5%) and JPY (-0.6%) at the extremes. In EM, the bias is negative, with a worse performance in Asia. The MXN appreciates is broadly unchanged at 18.83 per dollar. We expect a weekly trading range between 18.45 and 19.25**

- **Positive performance in commodities. Crude-oil futures advances 1.1% despite a reduction in global demand forecasts in the latest OPEC report. Copper and silver rise 1.3% and 1.7%, respectively**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,497.54	0.1%
S&P 500	5,344.16	0.5%
Nasdaq	16,745.30	0.5%
IPC	53,051.54	0.3%
Ibovespa	130,614.59	1.5%
Euro Stoxx 50	4,675.28	0.1%
FTSE 100	8,168.10	0.3%
CAC 40	7,269.71	0.3%
DAX	17,722.88	0.2%
Nikkei 225	35,025.00	0.6%
Hang Seng	17,090.23	1.2%
Shanghai Composite	2,862.19	-0.3%
Sovereign bonds		
2-year Treasuries	4.05	2pb
10-year Treasuries	3.94	-5pb
28-day Cetes	10.72	-4pb
28-day TIIE	11.03	-22pb
2-year Mbono	10.13	-4pb
10-year Mbono	9.50	-8pb
Currencies		
USD/MXN	18.83	-0.2%
EUR/USD	1.09	0.0%
GBP/USD	1.28	0.1%
DXY	103.14	-0.1%
Commodities		
WTI	76.84	0.9%
Brent	79.66	0.6%
Mexican mix	70.81	0.0%
Gold	2,431.32	0.2%
Copper	399.30	0.9%

Source: Bloomberg

Corporate Debt

- **This week we expect offering activity to continue with the auction of a bond from Grupo Fonderia –with a 50% partial guarantee from the IDB–, GASA 24-2, for up to MXN 700 million**

- **In the banking market, we expect the first tap issuance of two social bonds from the Central American Bank for Economic Integration, CABEI 1-24S / 2-24S, for MXN 5.0 billion (max. MXN 8.0 billion)**

- **S&P Global Ratings assigned an 'mxAAA' rating to Paccar Financial Mexico's long-term issue, PCARFM 24, which it intends to place at the end of the month for up to MXN 2 billion**

Analyst Certification.

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.
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