

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed –with Asia to the upside, but Europe and the US weaker–, government bond yields down and the USD lower. Investors wait for the CPI report in the US tomorrow after the strengthening of rate cut expectations for the Fed, while also monitoring tensions in the Middle East
- In the US, July's PPI was published at 0.1% m/m, below consensus. In Germany, the ZEW expectations survey for August surprised to the downside with a notable fall to 19.2pts –its lowest level since last January. In this sense, the president of the organization said that the outlook for the German economy is getting worse
- On the monetary front, Bostic (Atlanta) will give a speech in the afternoon. We will also be paying attention to the PBoC's meeting with some bond market participants in Shanghai. In Japan, parliament has asked for a hearing with BoJ Governor, Kazuo Ueda to discuss July's monetary policy decision. On the other hand, Japan's MoF will reduce its planned bond sales in the year, citing recent interest-rate fluctuations as the reason for the adjustment
- Regarding US elections campaigns, the pro-Trump super PAC has announced that it plans to spend US\$100 million on advertising between now and September 2nd (Labor Day). The target is the seven swing states, with the ads aiming to portray Harris as the most liberal candidate ever to run for office
- In Russia, the government is struggling to recruit new soldiers despite measures such as an increase in bonuses and benefits. The Kremlin is keen to avoid another unpopular mobilization policy

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany and UK					
2:00	UK Unemployment rate* - Jun	%	--	4.5	4.4
5:00	GER ZEW Survey (Expectations) - Aug	index	--	31.8	41.8
United States					
8:30	Producer prices* - Jul	% m/m	--	0.2	0.2
8:30	Ex. food & energy* - Jul	% m/m	--	0.2	0.4
13:15	Fed's Bostic Speaks on Economy in Moderated Conversation				
Mexico					
11:00	International reserves - Aug 9	US\$bn	--	--	223.2
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Mar'29), 10-year Udibono (Aug'34) and 1-, 3-, and 7-year Bondes F				

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

August 13, 2024



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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	5,396.25	0.5%
Euro Stoxx 50	4,673.54	0.0%
Nikkei 225	36,232.51	3.4%
Shanghai Composite	2,867.95	0.3%
Currencies		
USD/MXN	18.97	-0.5%
EUR/USD	1.09	0.1%
DX	103.02	-0.1%
Commodities		
WTI	79.86	-0.2%
Brent	81.93	-0.4%
Gold	2,468.54	-0.2%
Copper	407.45	-0.7%
Sovereign bonds		
10-year Treasury	3.88	-3pb

Source: Bloomberg

Equities

- Mixed stock markets with investors remaining cautious as they evaluate the economic outlook and risks in the Middle East. Meanwhile, MSCI released the changes in the quarterly rebalancing, with the Mexico index being integrated into the Chdraui index
- In the US, futures anticipate a positive opening with the Nasdaq rising 0.8% above its theoretical value. Europe trades mixed, although consumer discretionary companies are the biggest fallers in the Eurostoxx. In Asia, gains predominated, with the Nikkei advancing 3.5% after resuming trading for the holiday and supported by favorable economic expectations
- Home Depot (-1.4%) is raising its SSS contraction outlook for this year due to consumer spending pressures. Likewise, Tencent Music (-6.8%) falls (-6.8%) after posting lower-than-expected figures

Sovereign fixed income, currencies and commodities

- Treasuries are extending gains following the US PPI, with the curve rallying 2-4bps and with the short-end outperforming. Consequently, the market is pricing in cuts for the Fed's September meeting by -38bps (down from -50bps the previous week). In Europe, the positive bias persists with average gains of 3bps
- The dollar is weak, with JPY and CHF (-0.2%) being the only decliners in the G10. In EM, there's a generally positive balance, with INR (+0.8%) leading, followed by MXN at 18.97 (+0.5%)
- Oil is moderating the gains from the previous session, which were initially driven by heightened tensions in the Middle East. Additionally, the market is digesting EIA expectations regarding a potential oversupply if OPEC+ reduces its current production cuts. There's a negative bias in metals, with copper, gold, and silver falling 0.3-1%

Corporate Debt

- Monex (Trustee) called a Bondholders Meeting of the DAFCB 24 issuance (Dalton Financiera' ABS). The main point to be addressed will be the proposal, discussion and, if applicable, approval to modify the Transaction Documents in order to include the possibility that the Lease Agreements and the documents related to them be executed through the use of electronic signatures
- The bond (DAFCB 24) is backed by the flows from a portfolio of automobile leases originated and managed by Dalton Efectivo Seguro GDL and has an outstanding amount of MXN 500 million. The issuance ratings are 'AAA.mx' by Moody's Local Mexico and 'HR AAA' by HR Ratings

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,357.01	-0.4%
S&P 500	5,344.39	0.0%
Nasdaq	16,780.61	0.2%
IPC	53,040.35	0.0%
Ibovespa	131,115.90	0.4%
Euro Stoxx 50	4,671.88	-0.1%
FTSE 100	8,210.25	0.5%
CAC 40	7,250.67	-0.3%
DAX	17,726.47	0.0%
Nikkei 225	35,025.00	0.0%
Hang Seng	17,111.65	0.1%
Shanghai Composite	2,858.21	-0.1%
Sovereign bonds		
2-year Treasuries	4.02	-4pb
10-year Treasuries	3.90	-4pb
28-day Cetes	10.78	6pb
28-day TIIE	11.00	-2pb
2-year Mbono	10.15	2pb
10-year Mbono	9.44	-6pb
Currencies		
USD/MXN	19.07	1.3%
EUR/USD	1.09	0.1%
GBP/USD	1.28	0.1%
DX	103.14	0.0%
Commodities		
WTI	80.06	4.2%
Brent	82.30	3.3%
Mexican mix	74.01	4.5%
Gold	2,472.90	1.7%
Copper	410.40	1.8%

Source: Bloomberg

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