Economic and Financial Markets Research
Economic Research and Market Strategy

# Financial Markets Daily

August 14, 2024

## Main drivers for the financial markets today…

- **Stock markets positive, government bond yields are up and the USD slightly lower. Markets are reacting to the US CPI report, which does not seem to be an obstacle for the Fed to start with cuts the following month**

- **July's CPI in the US came in line with expectations at 0.2% m/m, with the core also at 0.2%. With this, the annual comparisons stood at 2.9% and 3.2%, in the same order**

- **Regarding other figures, July's inflation in the UK surprised lower at -0.2% m/m (2.2% y/y), consolidating expectations of additional rate cuts from the BoE in the remainder of the year. In the Eurozone, the revised figure for 2Q24 GDP came in line with the preliminary print at 0.3% q/q. In Brazil, June's retail sales fell 1.0% m/m. Tonight we will have Japan's GDP for 2Q24**

- **In Japan, current Prime Minister, Fumio Kishida, decided to withdraw from his party's leadership election in September, which implies that the country will have a new leader**

- **In the US, the DoJ is analyzing proposals to enforce a ruling that marked Google as a monopoly in terms of online search. According to some sources a possible solution would be to break up the company, with another one being sharing more data with rivals**

## The most relevant economic data…

| | Event/Period | Unit | Banorte | Survey | Previous |
|---|---|---|---|---|---|
| ***Eurozone*** | | | | | |
| **5:00** | Gross domestic product* - 2Q24 (P) | % q/q | -- | 0.3 | 0.3 |
| **5:00** | Industrial production* - Jun | % m/m | -- | 0.5 | -0.6 |
| ***Brazil*** | | | | | |
| **8:00** | Retail sales - Jun | % y/y | -- | 5.7 | 8.1 |
| **8:00** | Retail sales* - Jun | % m/m | -- | -0.1 | 1.2 |
| ***United States*** | | | | | |
| **8:30** | Consumer prices* - Jul | % m/m | 0.2 | 0.2 | -0.1 |
| **8:30** | Ex. food & energy* - Jul | % m/m | 0.2 | 0.2 | 0.1 |
| **8:30** | Consumer prices - Jul | % y/y | 3.0 | 3.0 | 3.0 |
| **8:30** | Ex. food & energy - Jul | % y/y | 3.2 | 3.2 | 3.3 |
| ***Japan*** | | | | | |
| **19:50** | Gross domestic product* - 2Q24 (P) | % q/q | -- | 0.6 | -0.7 |
| ***China*** | | | | | |
| **21:20** | Medium-term Lending Facilities (MLF) – 1 year | % | -- | 2.30 | 2.30 |
| **22:00** | Industrial production - Jul | % y/y | -- | 5.2 | 5.3 |
| **22:00** | Retail sales - Jul | % y/y | -- | 2.6 | 2.0 |
| **22:00** | Gross fixed investment (YTD) - Jul | % y/y | -- | 3.9 | 3.9 |

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



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### A glimpse to the main financial assets

| | Last | Daily chg. |
|---|---|---|
| ***Equity indices*** | | |
| S&P 500 Futures | 5,455.25 | -0.1% |
| Euro Stoxx 50 | 4,717.98 | 0.5% |
| Nikkei 225 | 36,442.43 | 0.6% |
| Shanghai Composite | 2,850.65 | -0.6% |
| ***Currencies*** | | |
| USD/MXN | 18.90 | -0.6% |
| EUR/USD | 1.10 | 0.2% |
| DXY | 102.58 | 0.0% |
| ***Commodities*** | | |
| WTI | 78.46 | 0.1% |
| Brent | 80.86 | 0.2% |
| Gold | 2,470.65 | 0.2% |
| Copper | 406.05 | 0.2% |
| ***Sovereign bonds*** | | |
| 10-year Treasury | 3.85 | 1pb |

Source: Bloomberg

## Equities

- **Positive bias in the main Equity indices, with investors evaluating the recent inflation data in the US. Advances are registered in most stock exchanges**

- **In the US, futures anticipate a positive opening, with the S&P500 and the Nasdaq trading 0.1% above their theoretical value. In Europe, the Eurostoxx maintains its positive streak and advances 0.5%. With consumer discretionary and technology stocks driving the index. Asia closed mixed, with the Nikkei up 0.6%**

- **In corporate news, Alphabet shares fall 1.1%, following news that the US Department of Justice may break-up the company. The most likely units for divestment are Android and Chrome. At market close Cisco Systems will present its quarterly figures**

## Sovereign fixed income, currencies and commodities

- **Negative bias in sovereign bonds. The 10-year European rates increase 4bps on average. Meanwhile, Treasuries erased gains after US CPI report with losses of up to 5bps at the short-end. Yesterday, the Mbonos' curve flattened due to a sell-off of 4bps at short-end and gains of 2bps at the long-end**

- **Dollar slightly negative amid a mixed performance in G10 currencies with NOK (+0.6%) and NZD (-1.1%) at the extremes. In EM, the bias is positive. The MXN trades at 18.90 per dollar (+0.6%), extending yesterday's gains of 0.3%**

- **Crude-oil futures rise after an industry report pointed to a sizable drop in US crude stockpiles and tensions simmered in the Middle East. Mixed balance in metals, but copper and gold increase 0.8% and 0.2%, respectively, with the latter trading well close to all-time highs**

## Corporate Debt

- **Update of accumulated past-due portfolio event (is greater than 16%) and total early amortization of the CEDEVIS 12U issuance for August 20. The CEDEVIS 12U issue is backed by a mortgage loan portfolio originated and managed by Infonavit. Currently, the bond has an outstanding amount of MXN 1.4 billion and the Trust account balance amounts to MXN 3.07 billion**

- **Moody's Local Mexico downgraded the ratings of Operadora de Servicios Mega and its GFMEGA 22X issue to 'C.mx' from 'CCC.mx' as it failed to make coupon payments on its senior unsecured notes due 2025. Subsequent to the rating action, Moody's Local withdrew all of the company's ratings for reasons of insufficient financial information**

**Previous closing levels**

| | Last | Daily chg. |
|---|---|---|
| ***Equity indices*** | | |
| Dow Jones | 39,765.64 | 1.0% |
| S&P 500 | 5,434.43 | 1.7% |
| Nasdaq | 17,187.61 | 2.4% |
| IPC | 53,674.20 | 1.2% |
| Ibovespa | 132,397.97 | 1.0% |
| Euro Stoxx 50 | 4,694.92 | 0.5% |
| FTSE 100 | 8,235.23 | 0.3% |
| CAC 40 | 7,275.87 | 0.3% |
| DAX | 17,812.05 | 0.5% |
| Nikkei 225 | 36,232.51 | 3.4% |
| Hang Seng | 17,174.06 | 0.4% |
| Shanghai Composite | 2,867.95 | 0.3% |
| ***Sovereign bonds*** | | |
| 2-year Treasuries | 3.93 | -9pb |
| 10-year Treasuries | 3.84 | -6pb |
| 28-day Cetes | 10.65 | -13pb |
| 28-day TIIE | 11.00 | 0pb |
| 2-year Mbono | 10.18 | 3pb |
| 10-year Mbono | 9.45 | 1pb |
| ***Currencies*** | | |
| USD/MXN | 19.02 | -0.3% |
| EUR/USD | 1.10 | 0.6% |
| GBP/USD | 1.29 | 0.7% |
| DXY | 102.56 | -0.6% |
| ***Commodities*** | | |
| WTI | 78.35 | -2.1% |
| Brent | 80.69 | -2.0% |
| Mexican mix | 72.69 | -1.8% |
| Gold | 2,465.16 | -0.3% |
| Copper | 408.55 | -0.5% |

Source: Bloomberg

## 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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|---|---|
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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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