

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets higher, USD and government bond yields higher, with investors digesting more benign inflation in the US and other figures that seem to reinforce the case for early Fed cuts
- In economic data, US retail sales advanced 1.0% m/m in July, while the Empire and Philly Fed indices for August came in at -4.7pts and -7.0pts, respectively. Meanwhile, jobless claims moderated marginally to 227k. Later in the day, we expect industrial production for July. In China, July's activity figures were somewhat mixed, with industrial production lower at 5.1% y/y, but with retail sales rising to 2.7%. In the UK, GDP maintained a good pace of advance in 2Q24 at 0.6% q/q, with the economy showing some signs of consolidation
- On the monetary front, comments from Goolsbee (Chicago) and Bostic (Atlanta) were more dovish, with attention turning today to the participations of Musalem (St. Louis) and Harker (Philadelphia). In Norway, the central bank held its benchmark rate at 4.50% with no indication of when cuts might begin
- In other news, Chinese steelmakers cut production by about 9% in July to their lowest level so far this year. Companies mentioned that sentiment is quite bearish. A similar trend is seen in the country's refineries
- In the US, a debate between vice presidential candidates JD Vance (Republican) and Tim Walz (Democrat) has been scheduled for October 1st

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
2:00	Gross domestic product* - 2Q24 (P)	% q/q	--	0.6	0.7
2:00	Industrial production* - Jun	% m/m	--	0.1	0.2
United States					
8:30	Empire manufacturing* - Aug	index	-7.0	-6.0	-6.6
8:30	Advance retail sales* - Jul	% m/m	0.2	0.4	0.0
8:30	Ex autos & gas* - Jul	% m/m	--	0.2	0.8
8:30	Control group* - Jul	% m/m	0.1	0.1	0.9
8:30	Initial jobless claims* - Aug 20	thousands	238	235	233
8:30	Philadelphia Fed* - Aug	index	7.5	5.0	13.9
9:10	Fed's Musalem Speaks on Economy, Policy				
9:15	Industrial production* - Jul	% m/m	0.0	-0.3	0.6
9:15	Manufacturing production* - Jul	% m/m	0.1	-0.3	0.4
13:10	Fed's Harker Gives Speech on Center at Philadelphia Fed				

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	5,526.25	0.9%
Euro Stoxx 50	4,775.97	1.0%
Nikkei 225	36,726.64	0.8%
Shanghai Composite	2,877.36	0.9%
Currencies		
USD/MXN	18.68	-0.6%
EUR/USD	1.10	-0.5%
DX	103.07	0.5%
Commodities		
WTI	77.80	1.1%
Brent	80.55	1.0%
Gold	2,445.96	-0.1%
Copper	411.50	1.9%
Sovereign bonds		
10-year Treasury	3.93	10pb

Source: Bloomberg

Equities

- Rises in the main indexes. In that sense, investors are assessing their economic expectations after the recent reports of some technology and commercial companies
- In the US, futures anticipate a positive opening with the Dow rising 0.9% above its theoretical value. Europe trades with increases and the Eurostoxx is climbing 1.0%, driven by the technology and financial sectors. In Asia, gains predominated, with the Shanghai jumping 0.9% and the Nikkei up 0.8%, supported by economic data that favored the outlook
- In corporate news, Walmart rises more than 7.0% in pre-market after increasing its revenue and profit growth guidance for this year, supported by its commercial strategies. In the same vein, Cisco Systems rises more than 7.1% after reporting results that beat market expectations

Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. The 10-year European rates rise 5bp, while the Treasuries' yield curve prints a flattening bias due to losses higher losses at the short-end of up to 10bps. Yesterday, the Mbonos' curve recorded modest pressures and the local risk premia moved to 561bps from 558bps
- Dollar advances against all G10 currencies, with JPY (-0.8%) as the weakest. In EM, the bias is negative but RUB (+0.9%) and MXN (+0.2%) are outperforming. The latter trades at 18.76 per dollar, scoring three positive days in a row
- Crude-oil futures rebound after a two-day drop as nervousness over a potential Iranian attack on Israel outweighed downbeat China data showing a decline in consumption. Gains in metals, with copper and gold rising 1.6% and 0.2%, respectively

Corporate Debt

- PCR Verum affirmed Total Play's long-term rating at 'A/M' and short-term rating at '1/M', removed the Negative Observation and assigned a Negative outlook. According to the agency, the removal of the Negative Observation is due to the fact that Total Play was able to defer the most important maturities of the short-term debt it held and, in PCR Verum's opinion, the liabilities with costs payable in the next 12 months are manageable
- Fitch Ratings affirmed Gruma's 'BBB+' and 'AAA(mex)' ratings. The outlook is Stable. According to the agency, the ratings affirmation reflects Gruma's strong business position as one of the world's largest tortilla and corn flour producers with a portfolio of well-known brands and geographically diversified operations, including a strong presence in the United States

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,008.39	0.6%
S&P 500	5,455.21	0.4%
Nasdaq	17,192.60	0.0%
IPC	53,718.95	0.1%
Ibovespa	133,317.66	0.7%
Euro Stoxx 50	4,727.60	0.7%
FTSE 100	8,281.05	0.6%
CAC 40	7,333.36	0.8%
DAX	17,885.60	0.4%
Nikkei 225	36,442.43	0.6%
Hang Seng	17,113.36	-0.4%
Shanghai Composite	2,850.65	-0.6%
Sovereign bonds		
2-year Treasuries	3.96	3pb
10-year Treasuries	3.84	-1pb
28-day Cetes	10.67	2pb
28-day TIIE	11.00	0pb
2-year Mbono	10.22	4pb
10-year Mbono	9.47	2pb
Currencies		
USD/MXN	18.80	-1.2%
EUR/USD	1.10	0.2%
GBP/USD	1.28	-0.3%
DX	102.57	0.0%
Commodities		
WTI	76.98	-1.7%
Brent	79.76	-1.2%
Mexican mix	71.70	-1.4%
Gold	2,447.85	-0.7%
Copper	407.35	-0.3%

Source: Bloomberg

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