

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields negative, and USD to the downside, as economic data in the US reflects a resilient economy, with low risks of recession and cooling inflation, which supports the thesis that the Fed may start an easing cycle in September in an orderly manner**
- **In the US, the presidential race continues, highlighting Harris' economic proposals. It's expected that today she will announce tax cuts and subsidies aimed at lower-income households, such as an US\$25,000 aid for first-time homeowners, as well as other measures aimed at controlling food and medicine prices**
- **In China, the PBoC promised measures to support economic recovery, although the Governor warned that drastic measures will not be adopted. Even though he did not give details on possible new policies, he expressed that it is important to maintain patience and stability. Finally, he mentioned that the Chinese financial system is relatively stable and that its overall risk has significantly eased**
- **On economic figures, in the US, weaker-than-expected data for the real estate market were published. Later, we expect the consumer sentiment of the U. of Michigan for August. On the monetary policy front, Goolsbee (Chicago), in his participation this morning, mentioned that the labor market and some economic indicators are giving warning signs. Despite this, he did not comment on whether he will favor a cut rate in the next decision. He will have two other appearances today, focusing on them for further details**
- **China's Treasuries holdings rose by US\$11.9 billion in June to US\$780.2 billion, their highest level in the year. However, Japan's holdings of these instruments fell by US\$10.2 billion to US\$1.1 trillion**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Trade balance* - Jun	EURbn	--	13.5	12.3
Brazil					
8:00	Economic activity - Jun	% y/y	--	2.4	1.3
8:00	Economic activity* - Jun	% m/m	--	0.5	0.3
United States					
8:30	Housing starts** - Jul	thousands	--	1,335	1,353
8:30	Building permits** - Jul	thousands	--	1,425	1,446
10:00	U. of Michigan Confidence* - Aug (P)	index	66.0	66.9	66.4
13:25	Fed's Goolsbee Speaks in Fireside Chat				

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

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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	5,553.00	-0.3%
Euro Stoxx 50	4,827.59	0.4%
Nikkei 225	38,062.67	3.6%
Shanghai Composite	2,879.43	0.1%
Currencies		
USD/MXN	18.69	0.2%
EUR/USD	1.10	0.2%
DX	102.73	-0.2%
Commodities		
WTI	75.94	-2.8%
Brent	78.99	-2.5%
Gold	2,473.07	0.7%
Copper	412.15	-0.7%
Sovereign bonds		
10-year Treasury	3.87	-4pb

Source: Bloomberg

Equities

- Almost widespread gains in main stock indices, in what is shaping up to be one of the most positive weeks of the year, as recession fears in the US are put aside. Futures in the US show small changes, after the rally of the last few days, while in Europe advances average 0.3%. In Asia, the rise in Japan's stock markets stood out, with the Nikkei gaining 3.6%
- In corporate news, Applied Materials shares fall on disappointing forecasts for investors. Bayer shares rise more than 10% after winning a long-running cancer litigation over the herbicide 'Roundup'
- In the final stretch of the earnings season, with 93% of the results of S&P500 companies, an 8.5% increase in profits has been achieved vs. 8.8%e. The positive surprise rate stands at 79.0%

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. 10-year rates in Europe are down 3bps on average, while the Treasuries' curve records gains between 3-7bps, with a better performance at the short-end. Yesterday, the Mbonos' curve printed an adjustment of +5bps on average
- Negative dollar against most G10 currencies, with JPY (+0.8%) as the strongest. In EM, the bias is mixed, trading in limited ranges of $\pm 0.6\%$. MXN depreciates 0.3% to 18.69 per dollar, being the second weakest of the group
- Negative performance in commodities. Crude-oil futures fall 1.9%, after weak economic data in China and a risk premium that is beginning to disappear. Copper and silver fall 0.7% and 0.6%, respectively. Gold separates from its peers, reaching all-time highs

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,563.06	1.4%
S&P 500	5,543.22	1.6%
Nasdaq	17,594.50	2.3%
IPC	54,264.92	1.0%
Ibovespa	134,153.42	0.6%
Euro Stoxx 50	4,807.77	1.7%
FTSE 100	8,347.35	0.8%
CAC 40	7,423.37	1.2%
DAX	18,183.24	1.7%
Nikkei 225	36,726.64	0.8%
Hang Seng	17,109.14	0.0%
Shanghai Composite	2,877.36	0.9%
Sovereign bonds		
2-year Treasuries	4.09	14pb
10-year Treasuries	3.91	8pb
28-day Cetes	10.70	3pb
28-day TIIE	11.00	0pb
2-year Mbono	10.27	5pb
10-year Mbono	9.52	5pb
Currencies		
USD/MXN	18.65	-0.8%
EUR/USD	1.10	-0.4%
GBP/USD	1.29	0.2%
DX	102.98	0.4%
Commodities		
WTI	78.16	1.5%
Brent	81.04	1.6%
Mexican mix	72.68	1.4%
Gold	2,456.79	0.4%
Copper	417.60	2.5%

Source: Bloomberg

Corporate Debt

- CIBanco (Trustee) informed the amounts to be paid derived from the total voluntary early redemption of its ARREACT 04123 issue today August 16th, 2024. According to the press release, on the payment date seven million securities will be redeemed at an average price of MXN 100.0835, so the amount to be paid will be MXN 700.58 million plus accrued interest
- Xignux's proposed issuances, XIGNUX 24 / 24-2, were assigned ratings of 'AAA.mx' by Moody's Local and 'HR AAA' by HR Ratings. According to the releases, the ratings reflect the strong competitive position of its business lines, its broad and diversified customer base, its successful expansion in the highly competitive US market, the favorable outlook for the transformer business, and its productive strategic alliance with GE Vernova

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