

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed, government bond yields up, and USD down. Markets wait for new drivers to define its path, eyeing further data from the US in the coming days. GBP/USD reached its highest in 2 years and crude oil fell for the first day in four
- Iran's supreme leader opened the door to negotiations with the US over Tehran's nuclear program
- Data in the US today includes June's S&P/CoreLogic house prices and July's Conference Board consumer confidence. Regarding monetary policy, Fed's Waller will speak later in the night
- In Brazil, inflation for the first half of August was published at +0.19%, with the annual variation at 4.35% y/y, slightly above estimates, reinforcing that the pause in the cycle of rate cuts by the Copom will continue
- In Mexico, INEGI released July's trade balance, posting a US\$72.0 million deficit. Exports climbed 5.8% m/m (14.7% y/y), noting generalized increases. Imports grew 0.4% m/m (13.3% y/y), with a mixed performance inside

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Gross domestic product* - 2Q24 (F)	% q/q	--	-0.1	-0.1
Mexico					
8:00	Trade balance - Jul	US\$m	-1,473.7	-1,650.0	-1,036.9
11:00	International reserves - Aug 23	US\$bn	--	--	224.0
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 20-year Mbono (Nov'42), 3-year Udibono (Dec'26) and 1-, and 3-year Bondes F				
Brazil					
8:00	Consumer prices - Aug	% m/m	--	0.17	0.30
8:00	Consumer prices - Aug	% y/y	--	4.34	4.45
United States					
9:00	S&P/CoreLogic housing prices - Jun	% y/y	--	6.1	6.8
10:00	Consumer confidence* - Aug	index	100.0	100.9	100.3

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	5,624.50	-0.2%
Euro Stoxx 50	4,905.27	0.2%
Nikkei 225	38,288.62	0.5%
Shanghai Composite	2,848.73	-0.2%
Currencies		
USD/MXN	19.49	0.4%
EUR/USD	1.12	0.0%
DX	100.86	0.0%
Commodities		
WTI	76.67	-1.0%
Brent	80.80	-0.8%
Gold	2,509.60	-0.3%
Copper	428.95	0.2%
Sovereign bonds		
10-year Treasury	3.86	4pb

Source: Bloomberg

Equities

- Mixed movements, with a positive bias in the main stock exchanges, as investors await further corporate and economic data to help them assess growth prospects
- In the US, futures anticipate a marginally negative opening. Europe trades with slight gains and the Eurostoxx is rising, supported by the communication services and financial sectors. Finally, Asia closed mixed, with the Nikkei up 0.5% and the Shanghai down 0.2%
- In corporate news, Paramount Global reported that it reached an agreement to be acquired by Skydance, after Seagram decided to withdraw its proposal. On the other hand, JD.com announced that it plans to repurchase up to US\$5 billion of its shares, seeking to appease investor fears related to the economic weakness in China

Sovereign fixed income, currencies and commodities

- Pressures on sovereign bonds with 10-year European rates averaging losses of 5bps, while the US curve steepens with a sell-off of up to 5bps at the long end. Today, the 2-year Treasury will be auctioned amid increased corporate supply flows
- The USD is weak, mainly against G10 currencies, where all are appreciating except for marginal losses in JPY. The GBP (+0.3%) is among the strongest, reaching 2-year highs. In EM, the balance is mixed, with the MXN depreciating 0.4% to 19.49 per dollar
- Oil declines 1% after a three-day rally, with concerns about global demand counterbalancing production shutdowns in Libya and Middle East tensions, which had pushed prices higher in recent sessions. Industrial metals are positive, while gold is modestly down

Corporate Debt

- Banco Inbursa's BINBUR 24 / 24-2 bonds, with a target amount of MXN 5 billion and a maximum of MXN 10 billion, are expected to be issued today. The series 24 will have a three-year term and will pay a floating-rate referenced to the ON-TIIE plus a spread; while the series 24-2 will have a seven-year term and will pay a fixed-rate to be determined (MBONO 31)
- HR Ratings assigned a 'HR AAA (E)' rating with a Stable outlook for the issuance UNIRECB 24 (ABS of Unirenta) for up to MXN 500 million. According to the agency, the assignment of the rating for UNIRECB 24 is based on the maximum default of 22.5% that the issue supports in a stress scenario, compared to the Historical Default Rate of 2.0% of the portfolio originated by the Issuer, which results in a ratio of Times Default Rate of 11.2x

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,240.52	0.2%
S&P 500	5,616.84	-0.3%
Nasdaq	17,725.77	-0.9%
IPC	53,171.31	-0.6%
Ibovespa	136,888.71	0.9%
Euro Stoxx 50	4,896.69	-0.3%
FTSE 100	8,327.78	0.0%
CAC 40	7,590.37	0.2%
DAX	18,617.02	-0.1%
Nikkei 225	38,110.22	-0.7%
Hang Seng	17,798.73	1.1%
Shanghai Composite	2,855.52	0.0%
Sovereign bonds		
2-year Treasuries	3.94	2pb
10-year Treasuries	3.82	2pb
28-day Cetes	10.76	0pb
28-day TIIE	11.00	0pb
2-year Mbono	10.14	0pb
10-year Mbono	9.58	3pb
Currencies		
USD/MXN	19.40	1.5%
EUR/USD	1.12	-0.3%
GBP/USD	1.32	-0.2%
DX	100.85	0.1%
Commodities		
WTI	77.42	3.5%
Brent	81.43	3.0%
Mexican mix	72.57	2.7%
Gold	2,518.03	0.2%
Copper	428.10	0.8%

Source: Bloomberg

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