

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed –albeit with Europe and US some futures positive–, government bond positive, and the USD higher. Attention on Nvidia's results later today, with expectations of a solid quarter, along with investors awaiting economic figures in the US from tomorrow to assess upcoming moves by the Fed
- In Mexico, attention will be on Banxico's 2Q24 Quarterly Report, focusing on updates to macroeconomic estimates –particularly GDP– and members' responses at the press conference
- On the monetary front, we will have the participation of Bostic (Atlanta). We will also have a policy decision in Israel, with expectations that it will remain unchanged at 4.50%. In Brazil, Finance Minister Fernando Haddad commented that President Lula da Silva will announce the next central bank governor soon. There is speculation that Haddad himself could be the one chosen
- Regarding US elections, Harris will have her first extensive television interview tomorrow since her presidential campaign began. It will be conducted jointly with her running mate, Tim Walz. On the other hand, the Special Counsel filed new charges against Donald Trump related to efforts to reverse the results of the 2020 election. However, not much progress is expected on this front before the election
- The meeting between Chinese Foreign Minister, Wang Yi, and US National Security Advisor, Jake Sullivan, appears to have laid the groundwork for a meeting between the leaders of the two countries. However, tensions prevail across a range of issues, a situation that was also addressed in the meeting
- In China, protests by the population increased sharply in the second quarter of the year. Various sources attribute this to the economic slowdown, which has prompted more people to express their unrest

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	Monetary aggregates (M3)*-Jul	% y/y	--	2.7	2.2
Mexico					
14:30	Banxico's Quarterly Report				
United States					
01:15	Fed's Waller Speaks on Payments in Mumbai, India				
18:00	Fed's Bostic Speaks on Economic Outlook				

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	5,640.00	-0.1%
Euro Stoxx 50	4,923.04	0.5%
Nikkei 225	38,371.76	0.2%
Shanghai Composite	2,837.43	-0.4%
Currencies		
USD/MXN	19.63	-0.7%
EUR/USD	1.11	-0.7%
DXY	101.11	0.6%
Commodities		
WTI	74.69	-1.1%
Brent	78.72	-1.0%
Gold	2,500.23	-1.0%
Copper	422.10	-1.9%
Sovereign bonds		
10-year Treasury	3.82	0pb

Source: Bloomberg

Equities

- Mixed movements in stock indices. Investors are focused on Nvidia's earnings results after the markets' closing. Revenues are expected to increase by 70% and earnings by 130%, while comments on its outlook will be a key catalyst for the markets
- In the US, futures are little changed, with no clear trend. Europe is mixed, with the Eurostoxx positive, while the technology and industrial sectors lead the advance. In Asia, the Hang Seng's 1.0% drop stands out
- In corporate news, Gap announced that it has approved its 2025-2029 Master Development Program. New investments amount to MXN 43.185 billion (2.1x that of the previous MDP), while we estimate the weighted average maximum tariffs for the Mexican Airports to be ~20% higher

Sovereign fixed income, currencies and commodities

- Positive performance in sovereigns, reversing part of yesterday's pressures. Europe drives the movement, with 10-years averaging gains of 4bps, partly triggered by an Austrian issuance that will not take place. USTs reverse a stronger opening and are pressured by ~1bps
- The dollar rebounds after yesterday's losses, though it's still on track for a 3% decline in August. All G10 depreciates today, with European currencies leading the drop. Bias is also negative among EM crosses, with the MXN decoupling from the group, trading as the strongest at 19.63 (+0.7%)
- Oil falls for the second day, with Brent and WTI down by 1%. There's still attention on supply disruptions in Libya, and weekly inventory reports are due today in the US. In metals, gold (-1%) and copper (-2%) decline, driven by a negative tone across the complex

Corporate Debt

- Fitch affirmed Fibra Prologis' rating at 'AAA(mex)' with a Stable outlook. According to the agency, the affirmation considers the acquisition of 77.14% of Fibra Terrafina's certificates ('BBB-' / Positive Watch), which improves its position in the industrial real estate sector. The ratings also reflect the company's market position as one of the largest REITs in Mexico, with high occupancy rates, a diversified tenant base, a high proportion of unencumbered assets and ample financial flexibility
- HR Ratings ratified the 'HR A' and 'HR2' ratings with a Stable outlook for Engen Capital. According to the agency, the ratification was based on the evolution of the financial situation, which maintains an adequate solvency position with a capitalization ratio of 21.6% and a current portfolio to net debt ratio of 1.3x

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,250.50	0.0%
S&P 500	5,625.80	0.2%
Nasdaq	17,754.82	0.2%
IPC	52,474.31	-1.3%
Ibovespa	136,775.91	-0.1%
Euro Stoxx 50	4,898.78	0.0%
FTSE 100	8,345.46	0.2%
CAC 40	7,565.78	-0.3%
DAX	18,681.81	0.3%
Nikkei 225	38,288.62	0.5%
Hang Seng	17,874.67	0.4%
Shanghai Composite	2,848.73	-0.2%
Sovereign bonds		
2-year Treasuries	3.90	-4pb
10-year Treasuries	3.82	1pb
28-day Cetes	10.65	-11pb
28-day TIIE	11.00	0pb
2-year Mbono	10.21	7pb
10-year Mbono	9.68	10pb
Currencies		
USD/MXN	19.76	1.8%
EUR/USD	1.12	0.2%
GBP/USD	1.33	0.6%
DX	100.55	-0.3%
Commodities		
WTI	75.53	-2.4%
Brent	79.55	-2.3%
Mexican mix	71.05	-2.1%
Gold	2,524.64	0.3%
Copper	430.35	0.5%

Source: Bloomberg

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