

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields slightly down and USD with gains, with the tech sector recovering after Nvidia's report yesterday and the end of the earnings season. Now, the focus turns back to economic data tomorrow (PCE core) to determine the next steps from the Federal Reserve**
- **On the monetary policy front, Fed's Bostic is expected to speak, who yesterday said it "may be time" to cut but he's still looking for additional data to support lowering interest rates next month**
- **Regarding economic figures, the second estimate of GDP for 2Q24 was published in the US at 3.0% q/q annualized (preliminary 2.8%), posting an important upward revision in personal consumption from 2.3% previously to 2.9%. The report confirmed the resilience of the economy in 1H24, but there are signs of less dynamism in the second half. In addition, the trade balance of goods for July was released, resulting in a deficit of -US\$102.7 billions, from -US\$96.6 billions in June**
- **Initial jobless claims for the week ending August 24 stood at 231k, very close to consensus and the previous week, with continuing claims rising to 1,868k from the previous 1,855k**
- **In the Eurozone, economic confidence for August was released, coming in at 96.6pts (consensus: 96.0pts; previous: 96.0pts). While in Germany, inflation in August moderated from 2.3% y/y to 1.9% y/y**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer confidence* - Aug (F)	index	--	-12.6	-13.4
5:00	Economic confidence* - Aug	index	--	96.0	95.8
8:00	GER Consumer prices - Aug (P)	% y/y	--	2.1	2.3
United States					
8:30	Gross domestic product** - 2Q24	% q/q	2.8	2.8	2.8
8:30	Personal consumption** - 2Q24	% q/q	2.2	2.2	2.3
8:30	Trade balance* - Jul	US\$bn	--	-97.9	-96.6
8:30	Initial jobless claims* - Aug 24	thousands	228	233	232
15:30	Fed's Bostic Gives Intro to Fed, Economic Outlook				

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

August 29, 2024



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



[@analiseconomico](http://www.banorte.com/analiseconomico)
[@analise_fundam](https://twitter.com/analise_fundam)

Winners of the award as the best economic forecasters in Mexico by LSEG in 2023



Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,625.25	0.3%
Euro Stoxx 50	4,961.24	1.0%
Nikkei 225	38,362.53	0.0%
Shanghai Composite	2,823.11	-0.5%
Currencies		
USD/MXN	19.78	0.7%
EUR/USD	1.11	-0.3%
DXY	101.39	0.3%
Commodities		
WTI	75.21	0.9%
Brent	79.17	0.7%
Gold	2,509.75	0.2%
Copper	413.40	-0.4%
Sovereign bonds		
10-year Treasury	3.87	4pb

Source: Bloomberg

Equities

- Although there are mixed movements in the main stock markets, the positive bias prevails, as investors are assessing recent economic data and the implications of Nvidia's results for the semiconductor sector
- In the US, futures anticipate a positive opening, with the Dow rising 0.7% above its theoretical value. Europe trades with gains and the Eurostoxx is climbing 0.8%, supported mainly by rises in the technology sector. Finally, Asia closed mixed, although the Hang Seng rose 0.5%
- Nvidia reported results that did not quite meet investors' expectations and the share price is falling 3.2% in pre-market. Although revenues and profits exceeded estimates, the growth outlook for 3Q24 fell short and indicated production problems in a Blackwell chip line

Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. 10-year yields in Europe slipped by ~1bp, while the US Treasury curve pressures by ~2bps. Yesterday, Mbonos saw a +2bps adjustment, with the 10-year Nov'34 benchmark closing at 9.66% (+1bp)
- The dollar trades mixed against G10 currencies, with AUD (+0.4%) leading gains and CHF (-0.5%) at the opposite end. In EM, the bias was positive, with the best performance coming from Asian currencies. The MXN slightly depreciates to 19.66 per dollar, erasing part of the previous session's gains (+0.6%)
- Positive performance in commodities. Crude futures rise by nearly 1%, although investors remain cautious on forecasts of weak economic growth in China. Industrial metals trade lower, with aluminum and copper down 1.3% and 0.4%, respectively

Corporate Debt

- The auctions of two FEFA issuances are expected to take place today for a target amount of MXN 6 billion and a maximum of MXN 10 billion. The series 24-2 will pay a floating rate indexed to the ON-TIIE and will have a 3-year term, while the series 24V will pay a fixed rate to be determined and will have a 7-year term
- Moody's Local Mexico assigns issuer ratings of 'A+.mx' with Positive outlook to Corporativo GBM and GBM Casa de Bolsa. According to the agency, the assigned ratings reflect the strong positioning of the group's franchise in the Mexican stock market
- HR Ratings assigned a rating of 'HR AAA (E)' with a Stable outlook to the VANRTCB 24 bond for up to MXN 500 million. According to the agency, the rating assignment was based on the maximum delinquency of 19.5% in a stress scenario

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,091.42	-0.4%
S&P 500	5,592.18	-0.6%
Nasdaq	17,556.03	-1.1%
IPC	52,439.87	-0.1%
Ibovespa	137,343.96	0.4%
Euro Stoxx 50	4,913.03	0.3%
FTSE 100	8,343.85	0.0%
CAC 40	7,577.67	0.2%
DAX	18,782.29	0.5%
Nikkei 225	38,371.76	0.2%
Hang Seng	17,692.45	-1.0%
Shanghai Composite	2,837.43	-0.4%
Sovereign bonds		
2-year Treasuries	3.87	-3pb
10-year Treasuries	3.83	1pb
28-day Cetes	10.61	-4pb
28-day TIIE	11.00	0pb
2-year Mbono	10.21	0pb
10-year Mbono	9.68	0pb
Currencies		
USD/MXN	19.64	-0.6%
EUR/USD	1.11	-0.6%
GBP/USD	1.32	-0.5%
DX	101.09	0.5%
Commodities		
WTI	74.52	-1.3%
Brent	78.65	-1.1%
Mexican mix	70.01	-1.5%
Gold	2,504.61	-0.8%
Copper	421.80	-2.0%

Source: Bloomberg

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.



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 Hernández, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmín 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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
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.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugo.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904