BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

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LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster Economic Indicators for Mexico 2023

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Main drivers for the financial markets today...

- **Stock markets positive, government bond yields mixed, and the USD with little changes as investors digest US inflation data, which reinforced the start of the Fed's easing cycle in the coming weeks**

- **In the US, the July's PCE deflator came in at 2.5% y/y, with the core at 2.6%, with the latter below expectations. July's figures on income and spending showed increases of 0.3% m/m and 0.5%, respectively. In Mexico, July's banking credit and public finances data will be released**

- **In the Eurozone, inflation in August (2.2% y/y) reached its lowest level since August 2021, with the core also lower. These figures reinforce arguments for another ECB rate cut. However, Isabel Schnabel (board member) explained that the central bank shouldn't lower rates too quickly as inflationary risks persist**

- **In the US presidential race, the latest polls show Harris leading or tying Trump in each of the seven swing states, which is very positive for her expectations for victory**

- **In China, there is a possibility that homeowners will be allowed to refinance as much as US$5.4 trillion in mortgages to reduce financing costs and boost consumption**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer prices - Aug (P)	% y/y	--	2.2	2.6
5:00	Core - Aug (P)	% y/y	--	2.8	2.9
United States					
8:30	Personal income* - Jul	% m/m	--	0.2	0.2
8:30	Personal spending* - Jul	% m/m	--	0.5	0.3
8:30	Real personal spending* - Jul	% m/m	--	0.3	0.2
8:30	PCE Deflator* - Jul		0.2	0.2	0.1
8:30	Core* - Jul		0.2	0.2	0.2
8:30	PCE Deflator - Jul		2.6	2.6	2.5
8:30	Core - Jul		2.7	2.7	2.6
10:00	U. of Michigan confidence* - Aug (F)	index	68.0	68.0	67.8
Mexico					
11:00	Banking credit - Jul	% y/y	7.1	--	7.5
16:30	Public finances (PSBR, year-to-date) - Jul	MXNbn	--	--	-821.1
China					
21:30	Manufacturing PMI* - Aug	index	--	49.5	49.4
21:30	Non-manufacturing PMI* - Aug	index	--	50.0	50.2
21:30	Composite PMI* - Aug	index	--	--	50.2

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,636.25	0.5%
Euro Stoxx 50	4,972.43	0.1%
Nikkei 225	38,647.75	0.7%
Shanghai Composite	2,842.21	0.7%
Currencies		
USD/MXN	19.69	-0.8%
EUR/USD	1.11	0.1%
DXY	101.40	0.1%
Commodities		
WTI	75.81	-0.1%
Brent	79.82	-0.2%
Gold	2,519.56	-0.1%
Copper	418.55	0.9%
Sovereign bonds		
10-year Treasury	3.86	0pb

Source: Bloomberg

Equities

- **Widespread rises in main stock indices, with investors assimilating economic data and waiting for central banks to make interest rate cuts in September**

- **Futures in the US anticipate a positive opening with the S&P500 trading 0.5% above its theoretical value and the Nasdaq doing the same at 0.9%. The Dow finally closed at all-time highs. On corporate news, Intel is looking for options to reduce losses, analyzing the possibility of splitting its product design and foundry units**

- **This afternoon the changes of the quarterly rebalances of MSCI indices will be effective, remembering that Chedraui joins the Mexican index. In the US, the earnings season is all but over. With 98% of the results of S&P500 companies, profits have risen by 11.4% vs. 8.8%e. The positive surprises rate stands at 79.9%**

Sovereign fixed income, currencies and commodities

- **Flattening in European yield curves while Treasuries remain under pressure by ~2bps, absorbing inflation figures in both regions. For USTs, the short-end is underperforms the long-end, with a magnitude of ~3bps**

- **The USD is weakening, driven by mixed movements in both developed and EM currencies. Among G10 pairs, JPY (+0.4%) leads the gains and, despite this, LatAm currencies are also strengthening, with the MXN leading by 0.8% to 19.69**

- **Small changes in crude oil futures, although WTI is heading up for a 1.5% weekly gain, with supply disruptions and tensions in the Middle East counterbalancing weaker global consumption outlooks. Mixed metals, with copper and silver on the rise**

Corporate Debt

- **The MXN 6.6 billion sustainable bond backed by cash flows from the Cuchillo 2 Aqueduct construction project in the State of Nuevo Leon, AQUACB 24X, is expected today. The issuance will have a term of approximately 8.2 years and will pay a fixed rate to be defined. The ratings assigned were 'AAA(mex)vra' by Fitch Ratings and 'HR AAA (E)' by HR Ratings**

- **HR Ratings ratified Total Play ratings at 'HR A / HR BB- (G)' modifying the Negative Observation to Stable outlook. Likewise, HR Ratings ratified the ratings of 'HR AA (E)' for TPLAYCB 20 and 'HR A' for TPLAY 22, modifying both the Negative Observation to Stable outlook. According to the agency, the ratification of the ratings is based on the Company's strategy of focusing on increasing penetration in the regions where it currently has presence, instead of expanding to new geographies as observed in previous years**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,335.05	0.6%
S&P 500	5,591.96	0.0%
Nasdaq	17,516.43	-0.2%
IPC	53,138.96	1.3%
Ibovespa	136,041.35	-0.9%
Euro Stoxx 50	4,966.27	1.1%
FTSE 100	8,379.64	0.4%
CAC 40	7,640.95	0.8%
DAX	18,912.57	0.7%
Nikkei 225	38,362.53	0.0%
Hang Seng	17,786.32	0.5%
Shanghai Composite	2,823.11	-0.5%
Sovereign bonds		
2-year Treasuries	3.89	3pb
10-year Treasuries	3.86	3pb
28-day Cetes	10.65	4pb
28-day TIIE	11.00	0pb
2-year Mbono	10.26	5pb
10-year Mbono	9.75	6pb
Currencies		
USD/MXN	19.85	1.0%
EUR/USD	1.11	-0.4%
GBP/USD	1.32	-0.2%
DXY	101.34	0.2%
Commodities		
WTI	75.91	1.9%
Brent	79.94	1.6%
Mexican mix	71.04	1.5%
Gold	2,521.40	0.7%
Copper	422.25	0.1%

Source: Bloomberg

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 Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmin 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.

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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.

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