Financial Markets Daily

Main drivers for the financial markets today…

- Stock markets negative, government bond yields down and USD positive in a risk-off session as investors prepare for data that may offer insights about the health of the US economy and the Fed's interest-rate path

- Regarding economic figures, the US agenda includes the release of final manufacturing PMI and ISM manufacturing for August. China will publish PMIs Caixin. Meanwhile on the monetary policy front, Chile will announce its decision where the central bank is expected to restart its easing cycle with a -25bp cut

- In Mexico, INEGI released July's employment report. The unemployment rate climbed to 2.93% (+15bps), with 1,377,003 new jobs. With seasonally adjusted figures the rate came in at 2.67% (-7bps)

- Moreover, INEGI published investment for June at -1.0% m/m (previous: +1.3%). Construction fell 3.2%, with machinery and equipment at +1.6%. In annual terms, GFI came in at -1.3%. It also announced private consumption for the sixth month of 2024. It came in at +0.1% m/m (previous: -0.5%), boosted by the domestic component (+0.3%). This implies +0.4% in annual terms

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

www.banorte.com/analisiseconomico
@analisis_fundam

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

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

The most relevant economic data…

Event/Period		Unit	Banorte	Survey	Previous
Brazil					
8:00	Gross domestic product* - 2Q24	% q/q	--	0.9	0.8
Mexico					
8:00	Unemployment rate - Jul	%	3.09	2.98	2.78
8:00	Gross fixed investment - Jun	% y/y	-1.2	-1.1	6.0
8:00	Gross fixed investment* - Jun	% m/m	-1.0	-0.4	0.7
8:00	Private consumption - Jun	% y/y	-0.8	1.0	2.6
8:00	Private consumption* - Jun	% m/m	-0.8	--	-0.4
11:00	International reserves - Aug 30	US$bn	--	--	224.7
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 30-year Mbono (Jul'53), 10-year Udibono (Aug'34) and 2-, and 5-year Bondes F				
United States					
9:45	Manufacturing PMI* - Aug (F)	index	48.0	48.1	48.0
10:00	ISM manufacturing* - Aug	index	46.8	47.5	46.8
Chile					
18:00	Monetary policy decision (BCCh)	%	--	5.50	5.75
China					
21:45	Services PMI (Caixin)* - Aug	index	--	51.8	52.1
21:45	Composite PMI (Caixin)* - Aug	index	--	--	51.2

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	5,628.75	-0.6%
Euro Stoxx 50	4,949.92	-0.5%
Nikkei 225	38,686.31	0.0%
Shanghai Composite	2,802.98	-0.3%
Currencies		
USD/MXN	19.84	0.1%
EUR/USD	1.11	-0.2%
DXY	101.75	0.1%
Commodities		
WTI	72.03	-2.1%
Brent	75.36	-2.8%
Gold	2,496.37	-0.1%
Copper	404.00	-2.5%
Sovereign bonds		
10-year Treasury	3.86	-5pb

Source: Bloomberg

Equities

- Risk aversion sentiment with stock markets showing widespread declines. In this sense, investors are on the lookout for economic data that will give them an outlook on economic strength

- After the US holiday, trading resumes and futures anticipate a negative opening with the Nasdaq dropping 0.6% below its theoretical value. Europe trades lower, with the Eurostoxx falling 0.5%, dragged down by the energy and technology sectors. Likewise, in Asia, losses predominated, with decreases of 0.3% in the Shanghai and 0.2% in the Hang Seng, as concerns about the Chinese economy continue

- In corporate news, Amx, through one of its subsidiaries, and Telefonica (TEF) signed a non-binding agreement to jointly explore their potential participation in the process of selling the assets of WOM and its affiliates in Chile

Sovereign fixed income, currencies and commodities

- Favorable balance in sovereign bonds. In Europe, 10-year rates decline 2bps, on average. Meanwhile, the Treasuries' curve prints a flattening bias with gains of up to 5bps at the long-end. Yesterday, Mbonos lost 4bps on average, with the 10-year reference closing at 9.68% (+4bps)

- Dollar advances against most of the G10 currencies, except JPY (+0.5%) driven by concerns about BoJ could rise interest rates. In EM, the bias is negative with ZAR (-0.7%) as the weakest. The MXN trades 19.84 pero dollar (-0.1%), after a 0.5% depreciation yesterday

- Crude-oil futures decline as Chinese demand concerns outweighted supply disruptions in Libya. Negative performance in metals with copper falling 1.8%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,563.08	0.0%
S&P 500	5,648.40	0.0%
Nasdaq	17,713.63	0.0%
IPC	52,493.38	1.0%
Ibovespa	134,906.07	-0.8%
Euro Stoxx 50	4,973.07	0.3%
FTSE 100	8,363.84	-0.2%
CAC 40	7,646.42	0.2%
DAX	18,930.85	0.1%
Nikkei 225	38,700.87	0.1%
Hang Seng	17,691.97	-1.7%
Shanghai Composite	2,811.04	-1.1%
Sovereign bonds		
2-year Treasuries	3.92	0pb
10-year Treasuries	3.90	0pb
28-day Cetes	10.69	6pb
28-day TIIE	11.00	0pb
2-year Mbono	10.17	1pb
10-year Mbono	9.68	0pb
Currencies		
USD/MXN	19.83	0.5%
EUR/USD	1.11	0.2%
GBP/USD	1.31	0.1%
DXY	101.65	0.0%
Commodities		
WTI	73.55	0.0%
Brent	77.52	-1.6%
Mexican mix	69.75	0.0%
Gold	2,499.51	-0.2%
Copper	421.15	0.0%

Source: Bloomberg

Corporate Debt

- HR Ratings affirmed Fundación Rafael Dondé's ratings at 'HR AA' and changed the outlook to Negative from Stable. The outlook change was based on the sustained decline in the issuer's financial position over the last three quarters

- HR Ratings affirmed the rating for Grupo Radio Centro and its current issues at 'HR D' and kept the Under Review status. The ratification follows that, as of 2Q24, the company remains in default of principal and interest payments on its bonds

- PCR Verum affirmed Financiera Bepensa's rating at 'AA+/M' with a Stable outlook. The ratings reflect the solid propensity of support that the company could receive from Grupo Bepensa

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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	Reference
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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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Directory
Research and Strategy

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

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

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

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

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

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

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

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

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

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

Market Strategy

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

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

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

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

Hugo Armando Gómez Solís
Senior Strategist, Equity
hugoa.gomez@banorte.com
(55) 1670 - 2247

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

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

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

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

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

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

Quantitative Analysis

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

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

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

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

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

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

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

BANORTE