

## Financial Markets Daily

### Main drivers for the financial markets today...

- **Stock markets, government bond yields, and USD down.** The wave of risk aversion continues, permeating Asian and European markets today, in the aftermath of a sharp sell-off yesterday led by tech stocks in US bourses. Meanwhile, investors wait for key labor market data to further clarify the Fed's path
- **With oil prices yesterday falling to their lowest level in 9 months, OPEC+ might delay its plan to restore production, currently scheduled for October.**
- **Regarding economic figures, in the US the trade balance for July was released at -78.8 billion, with the deficit widening sharply from the previous month. Later, job openings (JOLTS) and durable goods orders for the same month will be released, as well as August's vehicle sales. In the Eurozone, producer prices stood at +0.8% m/m in July, well above the consensus estimate of +0.3% m/m. In Mexico, we will not have relevant economic data**
- **On the monetary policy front, Canada will announce its decision where a third consecutive rate cut is expected, while the Fed will publish the Beige Book**

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
3:55	GER Services PMI* - Aug (F)	index	--	51.4	51.4
3:55	GER Composite PMI* - Aug (F)	index	--	48.5	48.5
4:00	EZ Services PMI* - Aug (F)	index	--	53.3	53.3
4:00	EZ Composite PMI* - Aug (F)	index	--	51.2	51.2
4:30	UK Services PMI* - Aug (F)	index	--	53.3	53.3
<b>Brazil</b>					
8:00	Industrial production - Jul	% y/y	--	6.9	3.2
8:00	Industrial production* - Jul	% m/m	--	-0.9	4.1
<b>United States</b>					
8:30	Trade balance* - Jul	US\$bn	--	-79.0	-73.1
10:00	JOLTS Job Openings - Jul	thousands	--	8,100	8,184
10:00	Factory orders* - Jul	% m/m	--	4.7	-3.3
10:00	Ex transportation* - Jul	% m/m	--	--	0.1
10:00	Durable goods orders* - Jul (F)	% m/m	--	9.9	9.9
10:00	Ex transportation* - Jul (F)	% m/m	--	--	-0.2
14:00	Beige Book				
	Total vehicle sales** - Aug	millions	--	15.4	15.8

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.
<b>Equity indices</b>		
S&P 500 Futures	5,527.75	-0.3%
Euro Stoxx 50	4,851.60	-1.2%
Nikkei 225	37,047.61	-4.2%
Shanghai Composite	2,784.28	-0.7%
<b>Currencies</b>		
USD/MXN	19.84	0.2%
EUR/USD	1.11	0.1%
DX	101.70	-0.1%
<b>Commodities</b>		
WTI	70.18	-0.2%
Brent	73.54	-0.3%
Gold	2,487.98	-0.2%
Copper	408.25	-0.2%
<b>Sovereign bonds</b>		
10-year Treasury	3.84	1pb

Source: Bloomberg

## Equities

- Risk off sentiment prevails among investors, reflecting caution following some indicators that underpin fears of slower global economic growth. The VIX index rallies to one-month highs
- In the US, futures anticipate a negative open with the S&P 500 trading 0.4% below its theoretical value, while the Nasdaq retreats 0.7%. Pressures on chip-related stocks drag down the indices. In particular, Nvidia is falling 2.0% pre-market after being subpoenaed by the US Department of Justice for an antitrust investigation
- Europe presents adjustments averaging 1.0%, with technology stocks leading the declines. In Asia, the Nikkei declined 4.2%. Meanwhile, in Mexico, Liverpool announced a cash acquisition of Nordstrom shares for US\$23.00

## Sovereign fixed income, currencies and commodities

- Sovereign bonds appreciate with Europe posting 4bps gains. Treasuries moderate a stronger opening, holding onto gains in the short and mid-ends of the curve by ~2bps, though under pressure by 1bs from 7 years onward
- The USD weakens in index terms due to modest gains across most G10 currencies, led by JPY (+0.2%). In EM, bias is also marginally positive, with ZAR (+0.5%) as the top performer. The MXN trades with little changes at 19.84 (-0.2%)
- Losses continue in the energy commodities sector, with oil reversing slight gains amid speculation of a potential delay in OPEC+'s supply reinstatement. Metals also decline, including gold, despite increased safe-haven demand

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	40,936.93	-1.5%
S&P 500	5,528.93	-2.1%
Nasdaq	17,136.30	-3.3%
IPC	51,589.42	-1.7%
Ibovespa	134,353.48	-0.4%
Euro Stoxx 50	4,912.52	-1.2%
FTSE 100	8,298.46	-0.8%
CAC 40	7,575.10	-0.9%
DAX	18,747.11	-1.0%
Nikkei 225	38,686.31	0.0%
Hang Seng	17,651.49	-0.2%
Shanghai Composite	2,802.98	-0.3%
<b>Sovereign bonds</b>		
2-year Treasuries	3.86	-5pb
10-year Treasuries	3.83	-7pb
28-day Cetes	10.51	-18pb
28-day TIIE	10.99	-1pb
2-year Mbono	10.19	2pb
10-year Mbono	9.71	3pb
<b>Currencies</b>		
USD/MXN	19.79	-0.2%
EUR/USD	1.10	-0.3%
GBP/USD	1.31	-0.2%
DX	101.83	0.2%
<b>Commodities</b>		
WTI	70.34	-4.4%
Brent	73.75	-4.9%
Mexican mix	65.91	-5.5%
Gold	2,492.91	-0.3%
Copper	409.20	-2.8%

Source: Bloomberg

## Corporate Debt

- Today, we expect the offering of an unsecured bond from Paccar Financial Mexico. The issue will have a MXN 1.0 billion (up to MXN 2.0 billion) principal amount, with a 3-year tenor and will pay a floating rate pegged to the 28-day TIIE
- S&P Global Ratings upgraded the ratings on issues VANRTCB 21 and VRTCB 23 (Vanrenta's ABS) to 'mxAAA' from 'mxAA+'. The upgrade reflects the agency's opinion regarding Vanrenta's improved operational capabilities, which positively impacted the operational risk assessment of the transactions

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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