Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets negative, USD lower, and government bond yields positive, with investors digesting some US employment data –although still awaiting the nonfarm payrolls report tomorrow– and its implications for the pace of Fed cuts**
- **In the US, the ADP employment report was published with a negative surprise as it only showed the creation of only 99k jobs (also with a downward revision in the previous month). On the other hand, weekly jobless claims were more stable at 227k. Later today we will know the final figure of August's PMIs, as well as the ISM for services in said country. In Germany, factory orders surprisingly rose for a second consecutive month, giving some boost to the industrial sector that has shown relevant weakness**
- **On the monetary front, Mary Daly (San Francisco Fed) said that rate cuts will help to maintain labor market healthy. On the other hand, in Japan, Hajime Takata, a BoJ board member, highlighted the need for further rate hikes if data justifies them, this after an acceleration in real wage growth**
- **According to a report from GS, Trump's proposal to cut corporate taxes from 21% to 15% would boost S&P500 gains by around 4%. In contrast, Harris' plan to raise the rate to 28% would result in losses of around 5%**
- **In other news, Joe Biden will announce today in Wisconsin a US$7.3 billion plan to provide resources to a dozen rural electric cooperatives, this in a context where Democrats seek to combat inflation in this swing state. Xi Jinping promised to provide US$50 billion in financial support to Africa over the next three years and strengthen military cooperation**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Retail sales* - Jul	% m/m	--	0.1	-0.3
United States					
8:15	ADP employment* - Aug	thousands	120	142	122
8:30	Initial jobless claims* - Aug 31	thousands	230	230	231
9:45	Services PMI* - Aug (F)	index	--	55.0	55.2
9:45	Composite PMI* - Aug (F)	index	--	--	54.1
10:00	ISM services* - Aug	index	--	51.1	51.4
Mexico					
16:30	Citibanamex Survey of Economists				

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

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

Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,519.00	-0.2%
Euro Stoxx 50	4,823.59	-0.5%
Nikkei 225	36,657.09	-1.1%
Shanghai Composite	2,788.31	0.1%
Currencies		
USD/MXN	20.12	0.9%
EUR/USD	1.11	0.1%
DXY	101.03	-0.3%
Commodities		
WTI	69.79	0.9%
Brent	73.31	0.8%
Gold	2,519.83	1.0%
Copper	406.30	1.1%
Sovereign bonds		
10-year Treasury	3.73	-3pb

Source: Bloomberg

Equities

- **Negative movements in the major indices, still reflecting caution among investors as they are assessing current valuations and growth prospects**

- **In the US, futures anticipate a negative opening with the Nasdaq down 0.5% below its theoretical value. Although, Verizon is up 0.7% after agreeing to buy Frontier Communications for ~US$9.59 billion. Meanwhile, Europe trades lower with the Eurostoxx falling 0.5%, dragged down by the consumer discretionary sector. In this sense, Louis Vuitton is dropping 3.0% after Tiffany indicated that it will reduce the size of its flagship store in China due to weak demand**

- **In Mexico, Grupo Aeroportuario del Pacifico (Gap) preliminarily reported that total passenger traffic fell 3.1% y/y in August. In particular, domestic passengers decreased 7.2% y/y and international passengers increased 2.2%y/y**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. 10-year rates in Europe decrease by 1bp on average, while the Treasury curve shows a gain of ~2bps. Yesterday, Mbonos rallied 10bps, with better performance at the belly, gaining up to 15bps**

- **USD negative against G10 currencies, with JPY (+0.6%) and CHF (+0.3%) leading the gains. In EM, the performance is also positive, with better results in Asian currencies. The MXN diverges from the group, depreciating by 1.0% to 20.13 per dollar**

- **Mixed performance in commodities. Crude-oil futures rise by nearly 1%, driven by rumors that OPEC+ is close to delaying the increase in supply and a drop in U.S. inventories. Precious metals are up, with gold and silver rising by 0.9% and 1.7%, respectively**

Corporate Debt

- **HR Ratings upgraded the rating for Aeromexico's issue, AERMXCB 19, to 'HR AAA (E)' from 'HR AA+ (E)' and changed the Under Review status to a Stable outlook. The upward revision is based on the strength of the credit metrics, which stand at the maximum levels of the curve**

- **Fitch Ratings affirmed Banco Monex's national scale ratings at 'AA-(mex)' with Positive outlook. The outlook reflects Fitch's expectation that the bank will continue to strengthen its total operating revenue base and capitalization metrics, supported by strong and recurring profitability**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,974.97	0.1%
S&P 500	5,520.07	-0.2%
Nasdaq	17,084.30	-0.3%
IPC	51,811.37	0.4%
Ibovespa	136,110.73	1.3%
Euro Stoxx 50	4,848.18	-1.3%
FTSE 100	8,269.60	-0.3%
CAC 40	7,500.97	-1.0%
DAX	18,591.85	-0.8%
Nikkei 225	37,047.61	-4.2%
Hang Seng	17,457.34	-1.1%
Shanghai Composite	2,784.28	-0.7%
Sovereign bonds		
2-year Treasuries	3.75	-11pb
10-year Treasuries	3.76	-8pb
28-day Cetes	10.70	19pb
28-day TIIE	10.98	0pb
2-year Mbono	10.09	-10pb
10-year Mbono	9.59	-11pb
Currencies		
USD/MXN	19.94	0.7%
EUR/USD	1.11	0.4%
GBP/USD	1.31	0.3%
DXY	101.36	-0.5%
Commodities		
WTI	69.20	-1.6%
Brent	72.70	-1.4%
Mexican mix	64.61	-2.0%
Gold	2,495.72	0.1%
Copper	407.90	-0.3%

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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	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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