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, government bond yields lower, and the USD weakens. Investors are processing employment figures in the US and its implications for upcoming policy actions from the Fed**

- **Attention centered on August's employment report in the US, where job creation came in barely below expectations at 142 thousand. Meanwhile, the unemployment rate moderated at the margin to 4.2%, with stability in the participation rate. The pace of wage growth accelerated slightly to 0.4% m/m (3.8% y/y). In other releases, in the Eurozone, the final 2Q24 GDP print was released, noting a marginal downward revision to +0.2% q/q (0.6% y/y). Meanwhile, in Germany, July's industrial production disappointed by falling 2.4% m/m, with the trade surplus in the month also moderating**

- **On the monetary front, we will be watching closely comments from Williams (New York) and Waller (Fed Governor), especially their reaction to today's figures. Also relevant, Goolsbee (Chicago) mentioned that the trend in longer-term data warrants cutting rates soon and continuing with them steadily over the next year, while Daly (San Francisco) said that a further slowdown in employment would be unwelcome**

- **Today, President Biden will sign an executive order directing federal agencies to prioritize working with companies that have unions and offer broad benefits to their workers. These actions will be tied to spending for some of his key programs such as the CHIPS Act and the Inflation Reduction Act, to name a few**

- **In China, specialists estimate that banks in that country have built up short positions against the USD using swaps amounting to around US$100 billion. The measure has helped to boost the yuan, although it poses significant risks for banking institutions in that country**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
2:00	GER Industrial production* - Jul	% m/m	--	-0.5	1.4
2:00	GER Trade balance - Jul	EURbn	--	20.9	20.4
5:00	EZ Gross domestic product - 2Q24 (F)	% y/y	--	0.6	0.6
5:00	EZ Gross domestic product* - 2Q24 (F)	% q/q	--	0.3	0.3
United States					
8:30	Nonfarm payrolls*-Aug	thousands	170	165	114
8:30	Unemployment rate* - Aug	%	4.2	4.2	4.3
8:45	Fed's Williams Gives Keynote Remarks				
11:00	Fed's Waller Gives Speech on Economic Outlook				

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

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,487.25	-0.5%
Euro Stoxx 50	4,800.92	-0.3%
Nikkei 225	36,391.47	-0.7%
Shanghai Composite	2,765.81	-0.8%
Currencies		
USD/MXN	19.94	0.3%
EUR/USD	1.11	0.0%
DXY	101.08	0.0%
Commodities		
WTI	69.71	0.8%
Brent	73.20	0.7%
Gold	2,514.70	-0.1%
Copper	409.35	0.4%
Sovereign bonds		
10-year Treasury	3.71	-2pb

Source: Bloomberg

Equities

- **Widespread declines in major stock indices with investors digesting US labor market figures. Futures anticipate a negative open, with the S&P500 trading 0.5% below its theoretical value**

- **In Europe, declines average ~0.4%, while weekly adjustments are on track to be the worst in almost a year. Asia closed mostly negative, with Japan's Nikkei declining 0.7% and China's Shanghai index falling 0.8%. The Hang Seng was closed for a holiday**

- **On corporate news, chipmakers are under pressure on disappointing guidance from *Broadcom Inc*. At the close, we await the preliminary announcement of the rebalancing for the Mexbol Index according to S&P Dow Jones Indices. These changes will be effective prior to the opening on Monday, September 23rd. Lacomer shares could be the ones to join the sample after Elektra's exit**

Sovereign fixed income, currencies and commodities

- **Rally in sovereign bonds. The 10-year European rates decline 6bps, while the Treasuries' yield curve prints a steepening bias due to higher gains at the short-end of up to 11bps. Yesterday, the Mbonos' curve recorded gains of 5bps, and the 10-year reference closed at 9.51% (-6bps)**

- **Dollar weakens against all G10 currencies, with JPY (+0.8%) as the strongest. In EM, the bias is positive with BRL (+0.6%) leading gains. The MXN trades at 19.88 per dollar (+0.1%), extending yesterday's appreciation (+0.4%)**

- **Crude-oil futures are poised for one of its biggest weekly losses this year, even as OPEC+ delayed a planned increase in output. Gains in metals, with copper and gold rising 0.4% and 0.3%, respectively**

Corporate Debt

- **Coca-Cola FEMSA announced the compliance of the sustainability performance target (SPT) of its KOF 21-2L issue regarding to the efficient water usage, achieving a water use efficiency ratio of 1.36 liters per liter of beverage produced. Therefore, the computation of the certificates' interest rate will remain unchanged**

- **HR Ratings upgraded the rating of issue TUCACCB 08 (Túneles Concesionados de Acapulco's Future Flow) to 'HR A- (E)' from 'HR BBB (E)' and changed the Negative Watch to Stable outlook. The upward revision is based on the adequate traffic recovery during the first half of 2024 following the effects of Hurricane Otis in October 2023**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,755.75	-0.5%
S&P 500	5,503.41	-0.3%
Nasdaq	17,127.66	0.3%
IPC	51,661.48	-0.3%
Ibovespa	136,502.49	0.3%
Euro Stoxx 50	4,815.15	-0.7%
FTSE 100	8,241.71	-0.3%
CAC 40	7,431.96	-0.9%
DAX	18,576.50	-0.1%
Nikkei 225	36,657.09	-1.1%
Hang Seng	17,444.30	-0.1%
Shanghai Composite	2,788.31	0.1%
Sovereign bonds		
2-year Treasuries	3.74	-1pb
10-year Treasuries	3.73	-3pb
28-day Cetes	10.62	-8pb
28-day TIIE	10.98	-1pb
2-year Mbono	10.07	-1pb
10-year Mbono	9.53	-7pb
Currencies		
USD/MXN	19.87	-0.4%
EUR/USD	1.11	0.3%
GBP/USD	1.32	0.3%
DXY	101.11	-0.2%
Commodities		
WTI	69.15	-0.1%
Brent	72.69	0.0%
Mexican mix	64.63	0.0%
Gold	2,516.76	0.8%
Copper	413.75	1.4%

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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