BANORTE

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, government bond yields, and USD higher. We observe some normalization and dip-buying in risk assets after last week's adjustments, with investors debating recession risks and the most likely responses from authorities in the face of this scenario**
- **No more data in Mexico for the rest of the trading session. In the US, July's consumer credit and the New York Fed's inflation expectations survey. At night, China's trade balance in August**
- **Investors' attention this week on August's inflation in the US. We anticipate +0.2% m/m, in line with consensus. In our view, this would reinforce bets about the start of an easing cycle from the Fed next week, albeit still with some debate about its magnitude**
- **Also, on the ECB policy decision. There is a strong agreement about a 25bps cut, with the deposit rate down to 3.50%. The institution will also update its macro forecasts, important for the outlook ahead**
- **We note the first presidential debate between Kamala Harris and Donald Trump on September 10 at 10:00pm (ET)**
- **The rest of US data includes producer prices (Aug) and U. of Michigan confidence (Sep). In other regions, activity data for August in China; industrial production and unemployment rate (Jun) in the UK; and economic activity, retail sales (Jul), and inflation (Aug) in Brazil**
- **In Mexico, August's inflation stood at 0.01% m/m (5.0% y/y). In coming days, industrial production (Jul) and wage negotiations (Aug)**


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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

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Consumer prices - Aug	% m/m	0.09	0.06	1.05
8:00	Core - Aug	% m/m	0.23	0.23	0.32
8:00	Consumer prices - Aug	% y/y	5.08	5.07	5.57
8:00	Core - Aug	% y/y	4.00	4.00	4.05
8:00	Consumer confidence* - Aug	index	46.7	--	46.9
United States					
11:00	New York Fed 1-yr inflation expectations - Aug	%	--	--	2.97
15:00	Consumer credit* - Jul	US$bn	--	12.0	8.9
China					
23:00	Trade balance - Aug	USDbn	--	82.0	84.7
23:00	Exports - Aug	% y/y	--	6.6	7.0
23:00	Imports - Aug	% y/y	--	2.3	7.2

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	5,449.25	0.5%
Euro Stoxx 50	4,773.01	0.7%
Nikkei 225	36,215.75	-0.5%
Shanghai Composite	2,736.49	-1.1%
Currencies		
USD/MXN	19.92	-0.3%
EUR/USD	1.10	-0.4%
DXY	101.63	0.4%
Commodities		
WTI	68.44	1.1%
Brent	71.76	1.0%
Gold	2,499.86	0.1%
Copper	407.80	1.6%
Sovereign bonds		
10-year Treasury	3.74	3pb

Source: Bloomberg

Equities

- **Equity markets mostly positive as they recover from last week's adjustments. US futures are pointing to a positive open, with the Nasdaq up 0.6% after posting its worst decline since November 2022. Meanwhile, today's attention will be on Apple event, where it will unveil its new AI-based products, including the iPhone 16**

- **In Asia, stock markets closed negative. Europe indices show widespread gains, with the Eurostoxx advancing 0.7%. Shares of financial and technology companies led gains**

- **In Mexico, Lacomer's addition to the Mexbol sample was confirmed, which could have a positive effect on the share price. Oma's passenger traffic fell 6.6% in August. For this week, we expect a trading range for the index between 50,000 and 51,800pts**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. European 10-year rates sell-off 4bps on average, while the US Treasury curve loses 3-5bps. Last week, Mbonos rallied 16bps, with the best performance on the short-end, gaining up to 28bps**

- **USD positive against G10 currencies, with NOK (-1.0%) and JPY (-0.8%) as the weakest. Negative bias also in EM, with the worst performance among Asian currencies. The MXN diverges from the group, appreciating 0.3% to 19.92 per dollar**

- **Positive returns in commodities. Crude futures rise nearly 1%, despite ongoing concerns on global demand. Precious metals are also up, with gold and silver gaining 0.1% and 0.9%, respectively**

Corporate Debt

- **This week we expect the auction of a structured social bond from ConCrédito for MXN 800 million, as well as three Scotiabank banking bonds for MXN 5.0 billion (up to MXN 10 billion), including a USD-denominated tranche. Afterwards, we expect the pace of placements to slow in the remainder of the month**

- **HR Ratings affirmed Mercader Financial's long-term rating at 'HR A-' with Stable outlook, along with its short-term rating at 'HR2'. The ratification was based on an adequate performance of financial indicators during the last twelve months**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,345.41	-1.0%
S&P 500	5,408.42	-1.7%
Nasdaq	16,690.83	-2.6%
IPC	51,083.44	-1.1%
Ibovespa	134,572.45	-1.4%
Euro Stoxx 50	4,738.06	-1.6%
FTSE 100	8,181.47	-0.7%
CAC 40	7,352.30	-1.1%
DAX	18,301.90	-1.5%
Nikkei 225	36,391.47	-0.7%
Hang Seng	17,444.30	0.0%
Shanghai Composite	2,765.81	-0.8%
Sovereign bonds		
2-year Treasuries	3.65	-10pb
10-year Treasuries	3.71	-2pb
28-day Cetes	10.60	-2pb
28-day TIIE	10.97	0pb
2-year Mbono	10.01	-7pb
10-year Mbono	9.51	-2pb
Currencies		
USD/MXN	19.98	0.6%
EUR/USD	1.11	-0.2%
GBP/USD	1.31	-0.4%
DXY	101.18	0.1%
Commodities		
WTI	67.67	-2.1%
Brent	71.06	-2.2%
Mexican mix	63.25	-2.1%
Gold	2,497.41	-0.8%
Copper	407.35	-1.5%

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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