

## Financial Markets Daily

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

- Stock markets positive, USD with small changes, and government bond yields negative as risk appetite returns given the rebound in tech stocks yesterday, with the sentiment extending to Asian and European markets
- On the monetary front, the ECB cut its deposit rate by 25bps to 3.50%, in line with expectations. Growth forecasts were revised down, with those for core inflation to the upside. In this context, we are looking into comments from its President, Christine Lagarde, in the press conference on future actions. In the evening, we await the decision in Peru, where consensus points to a 25bps cut to 5.25%
- Regarding economic data, weekly jobless claims in the US were stable at 230 thousand. Meanwhile, August's PPI came in slightly above with expectations at 0.2% m/m, with the core at 0.3%. In Brazil, July's retail sales posted a 0.6% m/m rebound (4.4% y/y)
- In other news, IEA signaled that global crude oil demand decelerated sharply in the first half of the year –reaching its lowest level since 2020– given the moderation of the Chinese economy
- The BoE made important changes to bank capital rules. This implies that key requirements will remain virtually unchanged. In addition, the rollout of other provisions will be delayed until 2026
- In China, rate cuts to around US\$5 trillion in mortgages will be carried out in two steps, resulting in a reduction of close to 80bps. It is expected that the measure will boost household spending

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Brazil</b>					
8:00	Retail sales - Jul	% y/y	--	4.3	4.0
8:00	Retail sales* - Jul	% m/m	--	0.5	-1.0
<b>Eurozone</b>					
8:15	Monetary policy decision (ECB)	%	3.50	3.50	3.75
8:45	ECB President Christine Lagarde Holds Press Conference				
<b>United States</b>					
8:30	Producer prices* - Aug	% m/m	--	0.1	0.1
8:30	Ex. food & energy* - Aug	% m/m	--	0.2	0.0
8:30	Initial jobless claims* - Sep 7	thousands	230	227	227
<b>Peru</b>					
19:00	Monetary policy decision (BCRP)	%	--	5.25	5.50

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

September 12, 2024



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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	5,566.25	0.1%
Euro Stoxx 50	4,817.64	1.1%
Nikkei 225	36,833.27	3.4%
Shanghai Composite	2,717.12	-0.2%
<b>Currencies</b>		
USD/MXN	19.75	-0.3%
EUR/USD	1.10	0.1%
DX	101.60	-0.1%
<b>Commodities</b>		
WTI	68.00	1.0%
Brent	71.25	0.9%
Gold	2,533.79	0.9%
Copper	416.10	1.9%
<b>Sovereign bonds</b>		
10-year Treasury	3.64	-1pb

Source: Bloomberg

## Equities

- Appetite for risk assets leading to advances in the main stock markets. Investors' mood has been boosted by recent inflation data in the US
- In the US, futures anticipate a slightly positive opening with the Nasdaq rising 0.3% above its theoretical value. Europe, meanwhile, trades mostly higher with the Eurostoxx climbing 1.1%, driven by technology companies. Asia closed mostly higher, with the Nikkei rising 3.4%
- In corporate news, Amx informed that its subsidiary Radiomovil Dipsa (Telcel), was notified by the Federal Telecommunications Institute (IFT) in relation to an investigation for relative monopolistic practices in the market for the commercialization of telecommunications services and mobile terminals in Colima, Jalisco and Michoacan. The resolution has led to a MXN 90.6 million fine

## Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds. 10-year rates in Europe fluctuate by  $\pm 1$ bps, while the Treasury curve shows a sell-off of  $\sim 1$ bp. Yesterday, Mbonos rallied 9bps, with the long-end of the curve outperforming, gaining up to 13bps
- The USD is mixed vs G10 currencies, with CHF (-0.2%) and SEK (+0.3%) at the extremes. In EM, bias is also mixed, with better performance in LatAm. The MXN stands out as the second strongest, appreciating 0.4% to 19.75 per dollar, continuing the previous day's gains (1.4%)
- Positive performance in commodities. Crude oil futures are up 1.3%, following the disruption of more than a third of Gulf of Mexico's oil production due to Hurricane Francine. Metals are also higher, with copper and aluminum rising 1.8%

## Corporate Debt

- HR Ratings affirmed Grupo Minsa's ratings at 'HR BBB+' and changed the outlook to Positive from Stable. The rating action was based on the expectation of Free Cash Flow generation for the following years, aided by greater stability in sales and higher margins
- Fitch Ratings placed Alfa's international rating of 'BBB-' on Positive Watch following its announcement of a Shareholders' Meeting to propose a US\$400 million capital injection that, along with an extraordinary dividend of US\$132 million from Alpek, will be used to reduce debt

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	40,861.71	0.3%
S&P 500	5,554.13	1.1%
Nasdaq	17,395.53	2.2%
IPC	51,195.76	0.4%
Ibovespa	134,676.75	0.3%
Euro Stoxx 50	4,763.58	0.3%
FTSE 100	8,193.94	-0.1%
CAC 40	7,396.83	-0.1%
DAX	18,330.27	0.4%
Nikkei 225	35,619.77	-1.5%
Hang Seng	17,108.71	-0.7%
Shanghai Composite	2,721.80	-0.8%
<b>Sovereign bonds</b>		
2-year Treasuries	3.64	5pb
10-year Treasuries	3.65	1pb
28-day Cetes	10.46	-3pb
28-day TIIE	10.97	0pb
2-year Mbono	9.97	-4pb
10-year Mbono	9.43	-9pb
<b>Currencies</b>		
USD/MXN	19.82	-1.4%
EUR/USD	1.10	-0.1%
GBP/USD	1.30	-0.3%
DX	101.68	0.1%
<b>Commodities</b>		
WTI	67.31	2.4%
Brent	70.61	2.1%
Mexican mix	62.56	1.9%
Gold	2,511.76	-0.2%
Copper	414.20	1.1%

Source: Bloomberg

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