

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, government bond yields negative, and the USD lower, with investors showing caution and with few catalysts in play, awaiting the Fed meeting next week, where the start of the easing cycle will be confirmed, while the path for interest rate cuts is defined
- In the Eurozone, IP in July fell 0.3% m/m, in line with expectations. In the US, University of Michigan's consumer confidence for September will be released, expecting a decrease. In the evening, in China, August's industrial production, retail sales, and investment will be published, expecting some weakness due to adverse weather conditions
- On the monetary front, this morning, ECB President, Christine Lagarde, indicated that the institution is open to another rate cut in October if the economy suffers another major setback. However, it is necessary to continue monitoring data until the day of the decision
- The Chinese government approved an increase in the retirement age for workers. This implies that men will be able to retire at 63 years-old and women at 58. The increase will be spread over 15 years and aims to slow a decline in the labor force
- After the last US presidential debate, a survey conducted by Reuters/Ipsos shows that Kamala Harris expanded her advantage marginally to 47% against Donald Trump's 42%.
- On trade affairs, the USTR formalized the increases to the tariffs that Biden announced in May –which included EVs, chips, and batteries, among others–

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Industrial production* - Jul	% m/m	--	-0.5	-0.1
Brazil					
8:00	Economic activity - Jul	% y/y	--	4.4	3.2
8:00	Economic activity* - Jul	% m/m	--	-0.8	1.4
United States					
10:00	U. of Michigan confidence* - Sep (P)	index	67.0	68.3	67.9
China					
22:00	Industrial production - Aug	% y/y	--	4.7	5.1
22:00	Retail sales - Aug	% y/y	--	2.5	2.7
22:00	Gross fixed investment (YTD) - Aug	% y/y	--	3.5	3.6

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.
Equity indices		
S&P 500 Futures	5,612.25	0.2%
Euro Stoxx 50	4,827.76	0.3%
Nikkei 225	36,581.76	-0.7%
Shanghai Composite	2,704.09	-0.5%
Currencies		
USD/MXN	19.44	-0.5%
EUR/USD	1.11	0.1%
DXY	101.10	-0.3%
Commodities		
WTI	69.76	1.1%
Brent	72.64	0.9%
Gold	2,567.24	0.4%
Copper	416.05	0.7%
Sovereign bonds		
10-year Treasury	3.66	-2pb

Source: Bloomberg

Equities

- Positive bias in main stock indices, although with few key catalysts now. Futures in the US anticipate a marginally higher open, with the S&P500 trading 0.2% above its theoretical value and the Nasdaq practically sideways. In corporate news, the strike of Boeing workers stands out, after rejecting contract proposals, with its shares falling almost 5% on pre-market trading
- In Europe, gains averaged 0.4%, while the Danish stock market reached a record high for the first time since November 2021, after logistics firm DSV A/S agreed to acquire a unit of Deutsche Bahn AG, making it the largest company in its field
- In Asia, the stock markets closed mixed, highlighting the rise of the Hang Seng of 0.75% and contrasting with the 0.68% decline of the Nikkei. In Mexico, the Mexbol Index may consolidate near 52,200pts

Sovereign fixed income, currencies and commodities

- Positive performance for sovereign bonds. Europe appreciates by 1-2bps, and the US Treasury curve steepens with better performance on the short-end. The latter gains up to 4bps, while longer-duration tenors strengthen by ~2bps. The pricing for a Fed rate cut on Wednesday has shifted back to 36bps from 29bps on Wednesday
- Weak USD completing its second week of losses. JPY leads G10 gains (+0.7%) ahead of next week's Fed and BoJ decisions, with a broad positive performance in EM currencies as well. Asian currencies lead, followed by LatAm. MXN appreciates 0.40% to 19.45 per dollar, heading for +2.7% w/w
- Oil rises (+1%) due to disruptions by Hurricane Francine, with a positive balance in metals' performance as well (gold +0.5%)

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,096.77	0.6%
S&P 500	5,595.76	0.7%
Nasdaq	17,569.68	1.0%
IPC	51,999.73	1.6%
Ibovespa	134,029.43	-0.5%
Euro Stoxx 50	4,814.08	1.1%
FTSE 100	8,240.97	0.6%
CAC 40	7,435.07	0.5%
DAX	18,518.39	1.0%
Nikkei 225	36,833.27	3.4%
Hang Seng	17,240.39	0.8%
Shanghai Composite	2,717.12	-0.2%
Sovereign bonds		
2-year Treasuries	3.64	0pb
10-year Treasuries	3.67	2pb
28-day Cetes	10.49	3pb
28-day TIIE	10.97	0pb
2-year Mbono	9.95	-2pb
10-year Mbono	9.41	-2pb
Currencies		
USD/MXN	19.53	-1.4%
EUR/USD	1.11	0.6%
GBP/USD	1.31	0.6%
DX	101.37	-0.3%
Commodities		
WTI	68.97	2.5%
Brent	71.97	1.9%
Mexican mix	63.95	2.2%
Gold	2,557.90	1.8%
Copper	419.55	1.3%

Source: Bloomberg

Corporate Debt

- Corporación AGF (Afirmé) informed that, following its shareholders' meeting held on July 26, 2024, where they approved an increase in the variable equity, on September 12 the company received a contribution of MXN 150 million
- Fitch Ratings affirmed Sigma Alimentos' long-term ratings at 'BBB' on an international scale and 'AAA(mex)' on a national scale. The outlook is Stable. The affirmation reflects the company's solid financial position and flexibility to incorporate the remaining debt into Alfa (after the capital injection and debt reduction), and to maintain a pro forma net leverage ratio below 3.0x over the rating horizon

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