Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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

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Main drivers for the financial markets today...

- **Stock markets positive, with mixed bond performance and a strong USD. Investors are digesting the latest economic figures ahead of tomorrow's Fed decision, amid ongoing debate on the magnitude of rate cuts. In the US, August retail sales reported a slight increase of 0.1% m/m (consensus: -0.2%; previous: 1.1%). The control group, recorded a rise of +0.3% m/m, aligning with consensus expectations (+0.3%), though below the previous reading (+0.4%). In Germany, the ZEW expectations survey for September fell more than expected, reaching its lowest level in nearly a year**

- **Markets in Mexico were closed yesterday in observance of Independence Day, while today remain closed in China and South Korea due to holidays. Today's agenda includes August industrial production data in the US, with no domestic data releases in Mexico. The MoF will auction 1, 3, 6, and 12-month Cetes, the 3-year Mbono (Sep'26), the 3-year Udibono (Dec'26), and Bondes F of 2, 5, and 10 year. Regarding the Fed, we anticipate a 25bps cut, with the Fed Funds range settling between 5.00% - 5.25%. The analyst consensus aligns with our view, although the market is pricing in -42bps. Additionally, they will update their macroeconomic framework and the dot plot. Decisions are also expected from the BoE and BoJ, as well as in Indonesia, Brazil, South Africa, Norway, and Turkey. China will announce the one-year and five-year prime lending rates**

- **The remainder of the US agenda includes existing home sales, housing starts, and building permits, along with the Philadelphia Fed Index The UK will release inflation data (Aug), while the Eurozone will present current account figures (Jul) and consumer confidence (Sep). In Mexico, we will only have Q2'24 aggregate supply and demand, the IOAE (Aug), and the banking sector expectations survey**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
5:00	ZEW Survey (Expectations) - Sep	index	--	17.0	19.2
United States					
8:30	Advance retail sales*-Aug	% m/m	0.2	-0.2	1.0
8:30	Ex autos & gas* - Aug	% m/m	--	0.2	0.4
8:30	Control group* - Aug	% m/m	0.2	0.3	0.3
9:15	Industrial production* - Aug	% m/m	--	0.2	-0.6
9:15	Manufacturing production* - Aug	% m/m	-0.2	0.0	-0.3
Mexico					
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 3-year Mbono (Sep'26), 3-year Udibono (Dec'26) and 2-, 5-, and 10-year Bondes F				

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	5,722.00	0.4%
Euro Stoxx 50	4,869.76	0.9%
Nikkei 225	36,203.22	-1.0%
Shanghai Composite	2,704.09	0.0%
Currencies		
USD/MXN	19.36	0.7%
EUR/USD	1.11	-0.1%
DXY	100.78	0.0%
Commodities		
WTI	70.13	0.1%
Brent	72.66	-0.1%
Gold	2,577.21	-0.2%
Copper	425.80	-0.4%
Sovereign bonds		
10-year Treasury	3.63	1pb

Source: Bloomberg

Equities

- **Rises in the main indices, although we could expect more volatility towards the end of the week due to the rebalancing of the S&P DJI indices and 'Triple Witching Day'. In Mexico, trading resumes after yesterday's holiday, while we anticipate a weekly range for the Mexbol Index between 51,200 and 53,00pts**

- **In the US, futures anticipate an upward opening with the S&P 500 rising 0.4%, heading for its sixth consecutive day of gains. Likewise, Europe trades with generalized increases. Asia closed with a positive bias, albeit with holidays in China and South Korea**

- **Intel rises ~7.0% after winning deals with Amazon Web Services and another with the US government. On the other hand, Microsoft (+1.6%) reported that it increased its quarterly dividend by 10% and presented a new share repurchase program for US$60 billion**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds, with European benchmarks appreciating 1-2bps. Meanwhile, the US Treasury curve is flattening, with the short end pressured by an average of 3bps and longer-duration securities pressuring by 1bp**

- **The dollar reverses a slightly stronger opening, although most developed market currencies are losing ground, amid a mixed bias in emerging markets. The MXN diverges from the latter, leading the losses with a 0.8% depreciation to 19.36 per dollar, reaching as high as 19.40 earlier today after appreciating just under 4% w/w**

- **Modest increases in oil prices are supporting the energy commodities complex, with mixed performance in metals, including losses in gold and copper**

Corporate Debt

- **Unirenta informed that on September 26, 2024, it will carry out the voluntary prepayment of the UNIRECB 22 issue, which has an outstanding amount of MXN 255 million. The prepayment is subject to the placement of the new issue UNIRECB 24 no later than September 26, for an amount of at least MXN 300 million**

- **PCR Verum downgraded Operadora de Servicios Mega's ratings to 'D/M' from 'C/M'. The downgrade follows the financial company's decision not to make the interest payment on its international bond (~US$14.5 million) and that the 30-day grace period has ended**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,622.08	0.6%
S&P 500	5,633.09	0.1%
Nasdaq	17,592.13	-0.5%
IPC	52,016.85	0.0%
Ibovespa	135,118.22	0.2%
Euro Stoxx 50	4,827.63	-0.3%
FTSE 100	8,278.44	0.1%
CAC 40	7,449.44	-0.2%
DAX	18,633.11	-0.4%
Nikkei 225	36,581.76	0.0%
Hang Seng	17,422.12	0.3%
Shanghai Composite	2,704.09	0.0%
Sovereign bonds		
2-year Treasuries	3.55	-3pb
10-year Treasuries	3.62	-3pb
28-day Cetes	10.48	0pb
28-day TIIE	10.97	0pb
2-year Mbono	9.88	0pb
10-year Mbono	9.27	0pb
Currencies		
USD/MXN	19.23	0.1%
EUR/USD	1.11	0.5%
GBP/USD	1.32	0.7%
DXY	100.76	-0.3%
Commodities		
WTI	70.09	2.1%
Brent	72.75	1.6%
Mexican mix	63.74	0.0%
Gold	2,582.45	0.2%
Copper	427.35	0.9%

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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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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