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 mixed, government bond yields up and USD down. Caution ahead of the Federal Reserve's decision today in which the first rate cut since 2020 is widely anticipated. Nevertheless, expectations on the magnitude of the adjustment are divided**

- **Analysts' consensus (including us) anticipates a 25bps rate cut; however, the market incorporates implied cuts for -42bps, suggesting a cut of 50bps. The announcement will also include the SEP and dot plot (Fed members' estimates chart for the Fed funds rate) update and will be followed by Powell's press conference. We expect all central bank communication to leave the door open to continue with gradual rate declines**

- **Regarding other monetary policy decisions, we expect that after two consecutive meetings without rate changes, the Copom in Brazil will announce a 25bps hike due to high inflation expectations, recent price reports and the dynamism of economic activity**

- **In Mexico, INEGI published aggregate supply and demand for 2Q24, down 0.4% q/q (2.1% y/y). We highlight growth in investment (0.4% q/q) and govt. spending (0.8%), with consumption lower (-0.4%). On the external front both imports (-2.5%) and exports (-0.2%) fell**

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com

www.banorte.com/analisiseconomico
@analisis_fundam

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
Eurozone					
5:00	Consumer prices - Aug (F)	% y/y	--	2.2	2.2
5:00	Core - Aug (F)	% y/y	--	2.8	2.8
Mexico					
8:00	Aggregate supply and demand - 2Q24	% y/y	2.8	2.4	2.6
11:00	International reserves - Sep 13	US$bn	--	--	225.4
United States					
8:30	Housing starts** - Aug	thousands	--	1,311	1,238
8:30	Building permits** - Aug	thousands	--	1,412	1,396
14:00	FOMC Rate Decision (Upper Bound)	%	5.25	5.25	5.50
14:00	FOMC Rate Decision (Lower Bound)	%	5.00	5.00	5.25
14:00	Interest Rate on Excess Reserves (IOER)	%	5.15	5.15	5.40
14:30	Fed Chair Powell Holds Post-Meeting Press Conference				
Brazil					
17:30	Monetary policy decision (Central bank of Brazi	%	10.75	10.75	10.50

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	5,705.25	0.1%
Euro Stoxx 50	4,842.40	-0.4%
Nikkei 225	36,380.17	0.5%
Shanghai Composite	2,717.28	0.5%
Currencies		
USD/MXN	19.13	0.2%
EUR/USD	1.11	0.1%
DXY	100.85	0.0%
Commodities		
WTI	70.71	-0.7%
Brent	73.26	-0.6%
Gold	2,573.73	0.2%
Copper	429.65	0.5%
Sovereign bonds		
10-year Treasury	3.68	4pb

Source: Bloomberg

Equities

- **Equity markets mixed, with investors showing caution ahead of the Fed's monetary policy meeting**

- **In the US, futures for the main indexes point to an opening with few changes. Europe, meanwhile, trades mostly lower, with the Eurostoxx declining. Utilities and technology stocks put pressure on the benchmark. Asia closed positive, although holidays continue in Hong Kong and South Korea**

- **In corporate news, shares of BlackRock and Microsoft rise slightly pre-market after announcing their participation to raise up to US$100 billion to develop data centers and energy infrastructure for AI. At the same time, Alphabet advances after winning a legal battle against the European Union**

Sovereign fixed income, currencies and commodities

- **Pressures on European sovereign yields are leading the session, with benchmark bonds experiencing a sell-off averaging 5bps across the region, prompting a steepening in the US Treasury curve. The latter is seeing losses averaging 2-3bps, particularly at the long-end of the curve**

- **The USD trades weaker, with all G10 currencies trading higher, led by the NZD (+0.6%). EM currencies are showing a mixed bias and trading within tighter ranges, with the MXN hovering around 19.13 per dollar (-0.2%) following yesterday's 0.7% appreciation**

- **Oil declines by nearly 1% as market participants eye US inventory data set to be released later today, which the API estimates will show the largest increase in almost three months. Metals are mixed, with a more positive tone in base metals, while gold is also modestly higher**

Corporate Debt

- **Fitch Ratings affirmed Organización Soriana's long-term rating at 'AAA(mex)'. The outlook is Stable. The ratings reflect the company's outstanding market position and geographic coverage in Mexico. They also consider its ability to generate high and consistent levels of operating cash flow and its conservative financial profile**

- **Fitch Ratings affirmed the rating for issue MXMACCB 05U at 'CCC(mex)vra'. The agency highlights that the portfolio's performance remains stable despite continuing to reduce its volume as assets mature**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,606.18	0.0%
S&P 500	5,634.58	0.0%
Nasdaq	17,628.06	0.2%
IPC	52,273.53	0.5%
Ibovespa	134,960.19	-0.1%
Euro Stoxx 50	4,860.78	0.7%
FTSE 100	8,309.86	0.4%
CAC 40	7,487.42	0.5%
DAX	18,726.08	0.5%
Nikkei 225	36,203.22	-1.0%
Hang Seng	17,660.02	1.4%
Shanghai Composite	2,704.09	0.0%
Sovereign bonds		
2-year Treasuries	3.60	5pb
10-year Treasuries	3.65	3pb
28-day Cetes	10.40	-8pb
28-day TIIE	10.96	-1pb
2-year Mbono	9.84	-4pb
10-year Mbono	9.18	-9pb
Currencies		
USD/MXN	19.10	-0.7%
EUR/USD	1.11	-0.2%
GBP/USD	1.32	-0.4%
DXY	100.89	0.1%
Commodities		
WTI	71.19	1.6%
Brent	73.70	1.3%
Mexican mix	65.70	1.4%
Gold	2,569.50	-0.5%
Copper	427.30	0.0%

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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Directory
Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251

Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957

Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438

Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 – 2250

Hugo Armando Gómez Solís
Senior Strategist, Equity
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296

Gerardo Daniel Valle Trujillo
Senior Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060

Quantitative Analysis

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608

Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220

José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000

Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904

Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430