Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets with small changes, government bond yields mixed, and the USD higher. The push by the 50bps cut from the Fed last week persists, on top of a reduction to a key reference rate in China. Nevertheless, there is some pessimism given weak figures in Europe**

- **In the Eurozone, September's PMIs surprised lower, with the composite index reaching 48.9pts, back in contraction territory for the first time since February. This is putting pressure on the ECB to continue with cuts as soon as their next meeting in October**

- **On the schedule later today we will be looking into these same indicators in the US. We will also be looking into speeches from Bostic, Goolsbee, and Harker. Meanwhile, Kashkari stated that he supports another 50bps cut this year**

- **In Mexico, July's GDP-proxy posted a 0.6% m/m expansion (3.8% a/a), driven by all three sectors. In addition, retail sales for the same month grew 0.7% m/m (-0.6% y/y), with seven of its nine components higher**

- **Attention this week on discussions in the US Congress regarding government spending (which runs out on September 30th) considering the recess before the election is programmed for the 27th (this Friday)**

- **In Mexico, Banxico will carry out its monetary policy decision, expecting a 25bps cut in the reference rate to 10.50%. We believe it will be a split vote, although with a dovish message prevailing, suggesting that rate cuts will continue**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Retail sales - }Jul	% y/y	-0.4	-0.4	-3.9
8:00	Retail sales* - Jul	% m/m	0.5	0.3	-0.5
8:00	Economic activity indicator (IGAE) - Jul	% y/y	2.9	2.2	-0.6
8:00	Economic activity indicator (IGAE)* - Jul	% m/m	0.2	0.1	0.0
United States					
8:00	Fed's Bostic Gives Speech on Economic Outlook				
9:45	Manufacturing PMI* - Sep (P)	index	48.2	48.6	47.9
9:45	Services PMI* - Sep (P)	index	--	55.3	55.7
9:45	Composite PMI* - Sep (P)	index	--	54.7	54.6
10:15	Fed's Goolsbee Speaks in Fireside Chat				
13:00	Fed's Kashkari Participates in Q&A on Childcare				

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

September 23, 2024

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,772.00	0.2%
Euro Stoxx 50	4,890.97	0.4%
Nikkei 225	37,723.91	0.0%
Shanghai Composite	2,748.92	0.4%
Currencies		
USD/MXN	19.41	0.0%
EUR/USD	1.11	-0.4%
DXY	101.02	0.3%
Commodities		
WTI	70.90	-1.4%
Brent	74.33	-0.2%
Gold	2,624.22	0.1%
Copper	424.80	-0.8%
Sovereign bonds		
10-year Treasury	3.76	2pb

Source: Bloomberg

Equities

- **Stock markets mixed, although a positive bias prevails after concluding a week with gains. In the US, futures point to a positive opening, with the S&P500 and Nasdaq up 0.2%. Intel's ~5% advance stands out after Apollo Global Management announced a possible investment in the company**

- **In Europe, mixed movements are observed, with defensive sectors: consumer staples, communications, real estate and utilities being the best performers. In Asia, Japanese markets remain closed for a public holiday**

- **In Mexico, starting today, the Mexbol index will resume trading with 35 companies, incorporating Lacomer shares. We expect a trading range for the Mexbol between 51,400 and 52,300**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. The 10-year European rates decline 3bps, on average. Meanwhile, the Treasuries' yield curve steepens due to higher losses at the long-end (+2bps). Last week, Mbonos' curve rallied 10bps, on average, with better performance in the belly (-14bps). With this, the local risk premium decreased to 545bps from 559bps the previous week**

- **Dollar advances amid a mixed performance in G10 currencies delimited by AUD (+0.3%) and SEK (-0.6%). In EM, the bias is negative with BRL (-0.9%) as the weakest. The MXN trades virtually unchanged at 19.41 per dollar after a 1.1% weekly depreciation**

- **Crude-oil steadies following its biggest weekly gain since April as strength in the dollar offset fears that the conflict between Israel and Hezbollah could morph into a war**

Corporate Debt

- **Fibra Shop informed that it made a MXN 290 million prepayment to its simple syndicated loan with the proceeds of the second payment of MXN 400 million from the sale of the Kukulkan mall. The syndicated loan's outstanding amount is MXN 1.85 billion**

- **HR Ratings revised the Stable outlook to Under Review for Fibra Prologis' 'HR AAA' and 'HR BBB+ (G)' ratings, based on the asset divestment strategy following Fibra Prologis' acquisition and consolidation of Terrafina**

- **HR Ratings affirmed Financiera Bepensa's rating at 'HR AA+' with Stable outlook and its short-term rating at 'HR1'. The agency considers that Finbe has implicit financial support from its parent company Bepensa for the repayment of its debt obligations**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,063.36	0.1%
S&P 500	5,702.55	-0.2%
Nasdaq	17,948.32	-0.4%
IPC	52,190.48	-1.4%
Ibovespa	131,065.44	-1.5%
Euro Stoxx 50	4,871.54	-1.5%
FTSE 100	8,229.99	-1.2%
CAC 40	7,500.26	-1.5%
DAX	18,720.01	-1.5%
Nikkei 225	37,723.91	1.5%
Hang Seng	18,258.57	1.4%
Shanghai Composite	2,736.81	0.0%
Sovereign bonds		
2-year Treasuries	3.59	1pb
10-year Treasuries	3.74	3pb
28-day Cetes	10.45	-2pb
28-day TIIE	10.95	0pb
2-year Mbono	9.71	0pb
10-year Mbono	9.22	10pb
Currencies		
USD/MXN	19.41	0.5%
EUR/USD	1.12	0.0%
GBP/USD	1.33	0.3%
DXY	100.72	0.1%
Commodities		
WTI	71.92	0.0%
Brent	74.49	-0.5%
Mexican mix	66.62	-0.3%
Gold	2,621.88	1.4%
Copper	434.30	-0.1%

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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
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.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

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