

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, government bond yields and USD down, as optimism over central banks easing and stimulus from China continues
- In the US, August's personal spending and income report was published. Real personal spending stood at +0.1% m/m (consensus +0.1%, previous +0.4%) posting a moderation in household spending, but resilience remains. Regarding price deflators, the PCE was +0.1% m/m (consensus +0.1%, previous +0.2%), with the annual change falling from 2.5% to 2.2%. Meanwhile, the PCE Core stood at +0.1% m/m (consensus +0.2%, previous +0.2%) with the annual change rising slightly from 2.6% to 2.7%. The report supports the continuation of the Fed's rate cut cycle
- Regarding monetary policy attention on interventions by Fed's Collins, Kruger and Bowman
- In Mexico, INEGI released August's trade balance, posting a US\$4,868.0 million deficit. Exports fell 2.8% m/m (-1.0% y/y), noting generalized declines. Imports expanded 3.4% m/m (5.7% y/y), driven by the non-oil component

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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



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LSEG in 2023



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer confidence* - Sep (F)	index	--	--	12.9
5:00	Economic confidence* - Sep	index	--	96.5	96.6
Mexico					
8:00	Trade balance - Aug	US\$m	-552.3	-174.5	-72.0
United States					
8:30	Personal income* - Aug	% m/m	--	0.4	0.3
8:30	Personal spending*-Aug	% m/m	--	0.3	0.5
8:30	Real personal spending* - Aug	% m/m	--	0.1	0.4
8:30	PCE Deflator* - Aug	% m/m	0.1	0.1	0.2
8:30	Core* - Aug	% m/m	0.2	0.2	0.2
8:30	PCE Deflator - Aug	% y/y	2.3	2.3	2.5
8:30	Core - Aug	% y/y	2.8	2.7	2.6
8:30	Trade balance* - Aug	US\$b	--	-99.7	-102.8
9:30	Fed's Collins and Kugler meet with small business and community leaders				
10:00	U. of Michigan Confidence* - Sep (F)	index	69.0	69.3	69.0

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	5,807.50	0.1%
Euro Stoxx 50	5,059.90	0.5%
Nikkei 225	39,829.56	2.3%
Shanghai Composite	3,087.53	2.9%
Currencies		
USD/MXN	19.57	-0.3%
EUR/USD	1.12	-0.2%
DXY	100.50	-0.1%
Commodities		
WTI	67.64	0.0%
Brent	71.65	0.1%
Gold	2,663.32	-0.3%
Copper	461.25	0.7%
Sovereign bonds		
10-year Treasury	3.77	-2pb

Source: Bloomberg

Equities

- Widespread gains in main stock indices. However, futures in the US show small changes, with the S&P500 trading practically sideways, having once again reached another all-time high, the 42nd of the year
- Europe is trading with gains supported by stimulus in China and the expectation of more decisive rate cuts by the ECB, while the performance of the mining and luxury stocks sectors lead the advances. In Asia, optimism continues, as we observed gains of 2.3% in the Nikkei, 2.9% in the Shanghai and 3.6% in the Hang Seng
- In Mexico, the Mexbol could consolidate close to 53,500pts. Although valuation is the main catalyst (FV/EBITDA at 5.5x), we remain cautious of the challenges that prevail in the short term

Sovereign fixed income, currencies and commodities

- Slightly positive balance in sovereign bonds. The 10-year European rates decline 3bps, on average. Meanwhile, the Treasuries' yield curve steepens due to higher gains at the short-end (-5bps). Yesterday, Mbonos' curve flattened after Banxico's decision with short- and mid-end losing 5bps
- Dollar weakens against most G10 currencies, with JPY (+1.4%) outperforming driven by speculation that BoJ will continue with hike rates. In EM, the bias is mixed delimited by +/-0.6%. with BRL (-0.9%) as the weakest. Meanwhile, the MXN trades at 19.57 per dollar (+0.4%); however, outlines a 0.8% weekly depreciation
- Crude-oil steadies after a sharp two-day drop, with prices still on course for a substantial weekly decline on prospect of more supply from OPEC members. In addition, gold trades to close of record levels

Corporate Debt

- CFE announced that it placed its second issue of Sustainable Bonds in the international markets for US\$1.5 billion, with two tranches: i) a bond with a 5.70% coupon due 2030 for US\$500 million; and a bond with a 6.45% coupon due 2035 for US\$1.0 billion. The issues are rated at 'BBB' by S&P Global, Moody's and Fitch Ratings
- Grupo Aeroportuario del Pacífico informed the refinancing of a US\$40 million bank line of credit that matured on September 26, extending the maturity by an additional 6 months. The loan pays a floating rate of SOFR plus a 25bps spread

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,175.11	0.6%
S&P 500	5,745.37	0.4%
Nasdaq	18,190.29	0.6%
IPC	53,590.52	0.8%
Ibovespa	133,009.78	1.1%
Euro Stoxx 50	5,032.59	2.4%
FTSE 100	8,284.91	0.2%
CAC 40	7,742.09	2.3%
DAX	19,238.36	1.7%
Nikkei 225	38,925.63	2.8%
Hang Seng	19,924.58	4.2%
Shanghai Composite	3,000.95	3.6%
Sovereign bonds		
2-year Treasuries	3.63	7pb
10-year Treasuries	3.80	1pb
28-day Cetes	10.55	23pb
28-day TIE	10.92	0pb
2-year Mbono	9.55	7pb
10-year Mbono	9.32	5pb
Currencies		
USD/MXN	19.63	0.0%
EUR/USD	1.12	0.4%
GBP/USD	1.34	0.7%
DX	100.56	-0.3%
Commodities		
WTI	67.67	-2.9%
Brent	71.60	-2.5%
Mexican mix	63.37	-3.6%
Gold	2,672.38	0.6%
Copper	463.90	3.3%

Source: Bloomberg

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Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



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



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

Market Strategy



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



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



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



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

Quantitative Analysis



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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