

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets higher, government bond yields mixed, and USD biased lower against EM.** Investors are still reacting to the surprising result of July's nonfarm payrolls in the US last week, with hopes that the Fed could act soon than previously expected with an interest rate cut
- **The US will release factory orders (Jun) during the trading session, with no figures for Mexico today.** After the close, the BoJ will publish the minutes of its latest meeting and July's PMI services and composite will be released in China
- **Market attention this week on monetary policy decisions, highlighting the BoE and Banxico.** For the former, markets are discounting a very high probability of a 25bps rate cut in the reference rate to 4.00% mainly on the back of economic weakness. In the latter, we see a similar situation. In line with consensus, we anticipate a 25bps reduction of the interest rate to 7.75%. In our view, this will be a split decision again. We will focus on the forward guidance and on the institution's forecasts for inflation
- **In the same front, decisions in the Czech Republic, India, Romania, and Serbia.** In Brazil, the minutes of last week's decision, along with the inflation expectations survey conducted by the New York Fed
- **In Mexico, July's consumer confidence stood at 45.9pts from 45.4pts in the previous month.** Additional figures in the coming days include gross fixed investment, private consumption (May), July's inflation and the banking sector survey. Mexican President Sheinbaum said that Pemex's new Business Plan will be presented on Tuesday

The most relevant economic data...

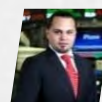
	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Consumer confidence* - Jul	index	45.2	--	45.4
United States					
10:00	Factory orders* - Jun	% m/m	--	-4.8	8.2
10:00	Ex transportation* - Jun	% m/m	--	0.2	0.2
10:00	Durable goods orders* - Jun (F)	% m/m	--	-9.3	-9.3
10:00	Ex transportation* - Jun (F)	% m/m	--	0.2	0.2
Japan					
19:50	BOJ minutes				
China					
21:45	Services PMI (Caixin)* - Jul	index	--	50.3	50.6
21:45	Composite PMI (Caixin)* - Jul	index	--	--	51.3

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	6,304.75	0.6%
Euro Stoxx 50	5,233.11	1.3%
Nikkei 225	40,290.70	-1.2%
Shanghai Composite	3,583.31	0.7%
Currencies		
USD/MXN	18.79	-0.4%
EUR/USD	1.16	0.0%
DX	98.74	-0.4%
Commodities		
WTI	65.84	-2.2%
Brent	68.45	-1.8%
Gold	3,361.68	-0.1%
Copper	443.50	0.0%
Sovereign bonds		
10-year Treasury	4.20	-1pb

Source: Bloomberg

Equities

- Indices take a breather, recovering part of last week's losses, boosted by optimism about possible Fed rate cuts. Investors are preparing for a busy corporate earnings week with 124 S&P500 companies, including: AMD and Super Micro Computer
- US futures anticipate a positive open with the S&P500 up 0.6%. Tesla rebounds +2.1% after approving a USD\$30 billion stock award to Elon Musk. Europe advances, with banks leading after a favorable ruling in a UK auto finance case. Asia closed mostly positive
- In Mexico, it was announced that Ignacio Carride, CEO of Walmart Mexico and Central America, left his position after one year and Cristian Barrientos was appointed as interim leader

Sovereign fixed income, currencies and commodities

- Positive bias in sovereign bonds. The Treasuries' curve shows few changes, between +1bp and -1bp. European 10-year bonds gain an average of 4bps. Last week, the Mbonos' curve rallied 16bps, with the 10-year benchmark (Nov'34) closing at 9.30% (-19bps w/w)
- The dollar weakens, marking two negative sessions in the DXY (-0.4%). In emerging markets, Asian currencies lead gains of up to 1.4%. Meanwhile, the Mexican peso trades at 79 per dollar (+0.4%). We expect a weekly trading range between USD/MXN 18.70 and 19.20
- Crude-oil falls ~2.0% after OPEC+'s latest supply increase, which helped to counter a threat from Washington to move against Russian oil flows. Positive balance in metals, with copper and gold gaining 0.5% and 0.2%, respectively

Corporate Debt

- This week, a senior unsecured bond issuance by Fibra Storage, STORAGE 25, is scheduled for an amount of up to MXN 500 million
- PCR Verum affirmed Total Play's rating at 'A/M' and revised the outlook to Stable from Negative, as the company has executed its debt refinancing plan and reduced both accounts payable and receivable
- Moody's Local México assigned an issuer rating of 'A+.mx' with Stable outlook to Grupo Hyc (HYCSA). The rating reflects the company's solid backlog growth and increasing diversification

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	43,588.58	-1.2%
S&P 500	6,238.01	-1.6%
Nasdaq	20,650.13	-2.2%
IPC	56,900.07	-0.9%
Ibovespa	132,437.39	-0.5%
Euro Stoxx 50	5,165.60	-2.9%
FTSE 100	9,068.58	-0.7%
CAC 40	7,546.16	-2.9%
DAX	23,425.97	-2.7%
Nikkei 225	40,799.60	-0.7%
Hang Seng	24,507.81	-1.1%
Shanghai Composite	3,559.95	-0.4%
Sovereign bonds		
2-year Treasuries	3.68	-28pb
10-year Treasuries	4.22	-16pb
28-day Cetes	7.87	0pb
28-day TIIE	8.31	7pb
2-year Mbono	8.03	-10pb
10-year Mbono	9.29	-12pb
Currencies		
USD/MXN	18.86	-0.1%
EUR/USD	1.16	1.5%
GBP/USD	1.33	0.5%
DXY	99.14	-0.8%
Commodities		
WTI	67.33	-2.8%
Brent	69.67	-3.9%
Mexican mix	65.16	-2.1%
Gold	3,363.48	2.2%
Copper	443.55	1.9%

Source: Bloomberg

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