

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed but biased lower, government bond yields up, and USD higher except against some Asian currencies. Risk appetite after Friday's speech from Powell fades away on the possibility of an inflation rebound and weaker corporate profits due to the imposition of tariffs
- Germany's IFO survey picked up in August, to 89.0pts from 88.6pts previously. The improvement was centered on the expectations component which reached its highest since 2022, with optimism after the trade deal between the European Union and the US
- Today, US new home sales (Jul) and a speech from Barkin of the Fed. In Mexico, the current account in 2Q25
- Market attention this week on geopolitics (due to a potential breakthrough in the negotiations to end the war between Russia and Ukraine) and economic data, highlighting among the latter the PCE deflator for July in the US
- Monetary policy decisions in Hungary, South Korea, Philippines, and Bulgaria, among the most relevant. Releases include the minutes in Australia and Sweden, the 1-, and 3-year inflation expectations survey of the ECB, along with speeches from Fed members
- US economic data includes the second estimate of 2Q25 GDP, housing prices (Jun), durable goods orders, trade balance (Jul), and consumer confidence (Aug). In other regions we highlight PMIs (Aug) in China; inflation (Aug) in Germany and Brazil; and economic confidence (Aug) in the Eurozone
- In Mexico, figures include the unemployment rate, banking credit, public finance report (Jul), and Banxico's Quarterly Report

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
4:00	IFO Survey (business climate)* - Aug	index	--	88.8	88.6
United States					
10:00	New home sales** - Jul	thousands	--	630	627
15:15	Fed's Logan Speaks at Bank of Mexico Centennial Conference				
19:15	Fed's Williams Speaks at Bank of Mexico Centennial Conference				
00:01	Fed's Barkin Repeats Remarks on the Economy				
Mexico					
11:00	Current account - 2Q25	US\$bn	5.5	5.5	-7.6

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	6,462.75	-0.3%
Euro Stoxx 50	5,461.35	-0.5%
Nikkei 225	42,807.82	0.4%
Shanghai Composite	3,883.56	1.5%
Currencies		
USD/MXN	18.64	0.3%
EUR/USD	1.17	-0.2%
DX	97.90	0.2%
Commodities		
WTI	64.08	0.7%
Brent	68.05	0.5%
Gold	3,367.70	-0.1%
Copper	449.60	0.8%
Sovereign bonds		
10-year Treasury	4.29	3pb

Source: Bloomberg

Equities

- Negative bias in stock markets as optimism about Fed interest rate cuts diminishes. This week investors will focus on Nvidia's results (Wednesday 27), which could clear uncertainty about AI investment
- US futures anticipate a negative opening, with the S&P500 down 0.3%. Europe trades lower, pressured by renewable energy companies. In addition, liquidity is lower than usual as the UK is closed for a holiday. Asia ended positive, with Taiwan, South Korea and Hong Kong leading in the region
- In corporate news, the US government agreed to take a 10% stake in Intel to boost local chip production. Coca-Cola is considering selling Costa, its British coffee chain

Sovereign fixed income, currencies and commodities

- Upward pressure on sovereign bonds. The Treasuries' curve averages losses of 3bps and 10-year rates in Europe rise around 6bps. Last week, the Mbonos' curve in Mexico rallied 11bps on signs that the Fed will cut soon. The 10-year reference (Nov'34) closed very close to 9.00% (-14bps w/w)
- USD up vs most of the G10. In EM, the bias is mixed with THB (+0.6%) and ZAR (-0.6%) at the extremes. Meanwhile, the Mexican peso is trading at 18.64 per dollar (-0.3%) after gaining 0.9% last week. We expect a weekly trading range between USD/MXN 18.40 and 18.80
- Crude advances, consolidating gains in the previous week. Positive balance in industrial metals, with copper gaining 0.8%. Meanwhile, precious fall with adjustments in gold and silver of -0.1% and -0.6%, respectively

Corporate Debt

- This week, the market is set to see the placement of a long-term issuance by Grupo Elektra for MXN 4.0 billion. In the banking segment, activity is also expected with the scheduled auction of a social bond from IDB Invest for MXN 2.5 billion
- Fitch Ratings upgraded Alsea's rating to 'AA-(mex)' from 'A+(mex)' on the local scale and its issuer default rating (IDR) to 'BB+' from 'BB', maintaining a Stable outlook. The upgrade reflects the strengthening of the company's business and financial profiles, as well as its access to financial markets and proactive liability management strategy

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	45,631.74	1.9%
S&P 500	6,466.91	1.5%
Nasdaq	21,496.54	1.9%
IPC	59,225.48	1.0%
Ibovespa	137,968.15	2.6%
Euro Stoxx 50	5,488.23	0.5%
FTSE 100	9,321.40	0.1%
CAC 40	7,969.69	0.4%
DAX	24,363.09	0.3%
Nikkei 225	42,633.29	0.1%
Hang Seng	25,339.14	0.9%
Shanghai Composite	3,825.76	1.4%
Sovereign bonds		
2-year Treasuries	3.70	-10pb
10-year Treasuries	4.25	-7pb
28-day Cetes	7.62	-5pb
28-day TIIE	8.02	-1pb
2-year Mbono	7.80	-10pb
10-year Mbono	9.03	-16pb
Currencies		
USD/MXN	18.58	-0.9%
EUR/USD	1.17	1.0%
GBP/USD	1.35	0.8%
DX	97.72	-0.9%
Commodities		
WTI	63.66	0.2%
Brent	67.73	0.1%
Mexican mix	62.64	0.2%
Gold	3,371.86	1.0%
Copper	452.75	0.4%

Source: Bloomberg

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