

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, government bond yields positive and the USD higher, with investors digesting inflation figures in the US, which may help define future actions from the Fed and the pace for interest rate cuts in the midst of recent data supporting a resilient economy, but with concerns on the central bank's independence**
- **On the economic data, the US released July's income (0.4% m/m) and personal spending (0.5%) reports, both in line with consensus. The PCE deflator was also in line with expectations at 0.2% m/m (2.6% y/y), with the core at 0.3% (2.9% y/y). July's trade balance came in at -US\$103.6 billion. August's U. Michigan consumer index will be released later. In Mexico, banking credit and public finances for July will be published, as well as Banxico's Quarterly Report.**
- **In the Eurozone, August's inflation in France (0.9% y/y) and Spain (2.7%) was slightly lower than expected, while in Germany it was marginally higher than forecasts (2.2%)**
- **On the monetary front, Fed Board member Lisa Cook filed a lawsuit –and will seek a temporary restraining order today– to challenge President Trump's decision to fire her. Meanwhile, Fed Board member Waller again said he would support a 25bps cut in September and signaled more easing over the next three to six months**
- **Russian President Putin will meet with Xi Jinping and Narendra Modi at a summit in Tianjin, China, this weekend to discuss energy ties**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Trade balance* - Jul	US\$bn	--	-90.0	-84.9
8:30	Personal income* - Jul	% m/m	--	0.4	0.3
8:30	Personal spending* - Jul	% m/m	--	0.5	0.3
8:30	Real personal spending* - Jul	% m/m	--	0.3	0.1
8:30	PCE Deflator* - Jul	% m/m	0.2	0.2	0.3
8:30	Core* - Jul	% m/m	0.3	0.3	0.3
8:30	PCE Deflator - Jul	% y/y	2.6	2.6	2.6
8:30	Core - Jul	% y/y	2.9	2.9	2.8
10:00	U. of Michigan confidence* - Aug (F)	index	58.6	58.6	58.6
Mexico					
11:00	Banking credit - Jul	% y/y	6.0	--	5.2
14:30	Banxico's Quarterly Report				
16:30	Public finances (PSBR, year-to-date) - Jul	MXNbn	--	--	-567.6

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	6,495.75	-0.3%
Euro Stoxx 50	5,374.59	-0.4%
Nikkei 225	42,718.47	-0.3%
Shanghai Composite	3,857.93	0.4%
Currencies		
USD/MXN	18.68	0.2%
EUR/USD	1.17	-0.2%
DXY	98.08	0.3%
Commodities		
WTI	64.36	-0.4%
Brent	68.22	-0.6%
Gold	3,409.44	-0.2%
Copper	450.50	0.9%
Sovereign bonds		
10-year Treasury	4.22	2pb

Source: Bloomberg

Equities

- Widespread profit-taking in the main indices. Investors remain cautious about the pace of interest rate cuts by the Fed, following the newly released US inflation figures and with an earnings season that is all but over (~98.5% of S&P500 company reports with earnings per share up 12.4% vs. 2.8%e)
- Futures negative, with the S&P500 trading 0.3% below its theoretical value after all-time high reached yesterday. The Nasdaq is also down 0.5% on profit-taking in tech companies, with Nvidia leading the 'Magnificent 7' adjustments. Dell shares fall ~6% after reporting lower AI server sales
- Europe is trading with falls, while Asia closed mixed with Japan down, but China and Hong Kong up. In Mexico we expect the Mexbol to consolidate below 59,000pts

Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. The US Treasury curve steepens with losses of 1 to 3bps. In Europe, 10-year yields trade with a +2bps adjustment. Yesterday, Mbonos averaged gains of 2bps, with the belly showing the best performance
- USD strengthens against most G10 currencies, with GBP (-0.4%) as the weakest. In EM, the bias is also negative, though some in LatAm decoupled from the group by trading in positive territory. The MXN depreciates 0.2% to 18.68 per dollar
- Crude-oil futures fall as concerns persist over excess supply and geopolitical issues, including US-led efforts to end the war in Ukraine. Mixed metals, with industrials higher but precious lower

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	45,636.90	0.2%
S&P 500	6,501.86	0.3%
Nasdaq	21,705.16	0.5%
IPC	59,151.68	0.9%
Ibovespa	141,049.20	1.3%
Euro Stoxx 50	5,396.73	0.1%
FTSE 100	9,216.82	-0.4%
CAC 40	7,762.60	0.2%
DAX	24,039.92	0.0%
Nikkei 225	42,828.79	0.7%
Hang Seng	24,998.82	-0.8%
Shanghai Composite	3,843.60	1.1%
Sovereign bonds		
2-year Treasuries	3.63	2pb
10-year Treasuries	4.20	-3pb
28-day Cetes	7.76	1pb
28-day TIIE	8.03	0pb
2-year Mbono	7.79	-3pb
10-year Mbono	9.01	-4pb
Currencies		
USD/MXN	18.65	-0.1%
EUR/USD	1.17	0.4%
GBP/USD	1.35	0.1%
DX	97.81	-0.4%
Commodities		
WTI	64.60	0.7%
Brent	68.62	0.8%
Mexican mix	63.13	0.8%
Gold	3,417.08	0.6%
Copper	453.90	1.0%

Source: Bloomberg

Corporate Debt

- PCR Verum affirmed the rating of the PLANRIO 05-2U' issuance (Future Flow of Libramiento Plan del Río) at 'A/M (e)'. The outlook remained Stable. The rating underscores the strength of the payment source, supported by a meaningful increase in traffic flows alongside adjustments to toll rates
- Moody's Local Mexico upgraded the debt rating of Petróleos Mexicanos' (Pemex) certificates to 'AAA.mx' from 'AA+.mx', while maintaining a Stable outlook. The upgrade is underpinned by recent financial operations aimed at strengthening liquidity and facilitating the refinancing of the company's short-term debt

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