

Financial Markets Daily

July 25, 2023

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields up and USD slightly up as China signaled further measures to bolster economic growth, while investors await decisions from the Fed and the ECB on Wednesday and Thursday, respectively**
- **The highest decision-making body in China, the Politburo said they will implement a stimulus plan with precision and force to boost demand**
- **Investors are watching the release of the IMF's World Economic Outlook today**
- **Regarding economic figures, in the US the house price index for May and Conference Board's consumer confidence indicator for July will be released**
- **In Brazil, 1H-July inflation was -0.07% m/m. With this, the annual variation fell to 3.19% from previous 3.40%, adding to the conditions for the Copom to start with rate cuts in 4Q23**
- **In Mexico, INEGI released May's GDP-proxy IGAE, unchanged at 0.0% m/m (+4.3% y/y). By sectors, strength centered in industry (1.0% m/m), with agriculture advancing (0.3%), but with a decline in services (-0.4%)**

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economic forecasters, granted by Focus
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#1 OVERALL FORECASTER - MEXICO



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
9:00	The IMF publishes its World Economic Outlook document				
Germany					
4:00	IFO Survey (business climate)* - Jul	index	--	88.0	88.5
Brazil					
8:00	Consumer prices - Jul	% m/m	--	-0.02	-0.08
8:00	Consumer prices - Jul	% y/y	--	3.25	3.40
Mexico					
8:00	Economic activity indicator (IGAE) - May	% y/y	3.8	3.5	2.5
8:00	Economic activity indicator (IGAE)* - May	% m/m	-0.2	0.3	0.8
11:00	International reserves - Jul 21	US\$bn	--	--	204.1
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 30-year Mbono (Jul'53); 20-year Udibono (Nov'43) and 2-, and 5-year Bondes F				
United States					
9:00	S&P/CoreLogic housing prices - May	% y/y	--	-2.4	-1.7
10:00	Consumer Confidence* - Jul	index	111.5	112.0	109.7

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.
<i>Equity indices</i>		
S&P 500 Futures	4,582.25	0.0%
Euro Stoxx 50	4,387.40	0.1%
Nikkei 225	32,682.51	-0.1%
Shanghai Composite	3,231.52	2.1%
<i>Currencies</i>		
USD/MXN	16.87	0.2%
EUR/USD	1.10	-0.3%
DX	101.50	0.1%
<i>Commodities</i>		
WTI	78.47	-0.3%
Brent	82.49	-0.3%
Gold	1,957.57	0.1%
Copper	390.70	1.7%
<i>Sovereign bonds</i>		
10-year Treasury	3.91	4pb

Source: Bloomberg

Equities

- **Equity markets with a positive bias, as some earnings results support favorable growth prospects. Meanwhile, investor confidence is temporarily boosted by the announcement of further support for the real estate sector in China**
- **US futures anticipate a slightly higher opening, with the S&P500 trading modestly above its theoretical value. In turn, Europe trades mainly with gains, with the Eurostoxx rising 0.1%. Asia closed higher, with the Hang Seng up 4.1%**
- **On the international corporate front, out of the 34 S&P500 companies scheduled to report today, 21 have already updated investors with most outperforming estimates. In Mexico, higher service costs affected Asur's profitability; Gap raised its guidance on better 1H23 performance; and Volar registered strong growth and margin expansion. Figures from Bimbo, Gcc, Kof, and Tlevisa are expected today**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. European rates increase 4bps, on average, while Treasuries lost 4bps with the 10-year reference trading at 3.91% (+4bps). Yesterday, Mbonos averaged losses of 4bps and the May'33 closed at 8.83% (+4bps)**
- **Dollar records a positive bias amid a mixed performance in developed currencies, with AUD (+0.4%) and NOK (-0.6%) at the extremes. In EM, the bias is also mixed with ZAR (+0.8%) as the strongest and BRL (-0.6%) as the weakest. Meanwhile, MXN trades at 16.87 per dollar (-0.2%), after a 0.9% depreciation yesterday**
- **Energy and metals advanced after China's top leaders signaled more support for the real estate sector. Crude-oil trades at 3-month highs, while copper and aluminum print a rally of 1.8% and 1.3%, respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,411.24	0.5%
S&P 500	4,554.64	0.4%
Nasdaq	14,058.87	0.2%
IPC	53,518.91	-0.3%
Ibovespa	121,341.69	0.9%
Euro Stoxx 50	4,383.03	-0.2%
FTSE 100	7,678.59	0.2%
CAC 40	7,427.31	-0.1%
DAX	16,190.95	0.1%
Nikkei 225	32,700.94	1.2%
Hang Seng	18,668.15	-2.1%
Shanghai Composite	3,164.16	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	4.92	8pb
10-year Treasuries	3.87	4pb
28-day Cetes	11.31	0pb
28-day TIIE	11.51	0pb
2-year Mbono	10.12	1pb
10-year Mbono	8.84	3pb
<i>Currencies</i>		
USD/MXN	16.83	-0.9%
EUR/USD	1.11	-0.5%
GBP/USD	1.28	-0.2%
DXD	101.35	0.3%
<i>Commodities</i>		
WTI	78.74	2.2%
Brent	82.74	2.1%
Mexican mix	73.51	2.1%
Gold	1,954.73	-0.4%
Copper	385.55	1.0%

Source: Bloomberg

Corporate Debt

- **HR Ratings upgraded Soriana's rating to 'HR AAA' from 'HR AA+' with Stable outlook. The upgrade is based on the improvement of the rating metrics where the DSCR (Debt Service Coverage Ratio) would maintain levels above 2.1x in the forecasted period**
- **HR Ratings upgraded the rating of issuances AERMxCB 17 / 19 (Grupo Aeromexico's ABS). The revision is based on the performance observed in the last twelve months, where the company's operating indicators show a positive trend, thus overcoming the impact of the health emergency**
- **Fitch Ratings affirmed Médica Sur's 'AA(mex)' rating. The outlook is Stable. The rating incorporates the low to moderate business risk given the sector in which it operates, and its solid position within the private hospital sector in Mexico**

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cuautencos Mora and Andrea Muñoz Sánchez, 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.

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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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