

# Financial Markets Daily

August 3, 2023

## Main drivers for the financial markets today...

- **Stock markets negative, USD and government bond yields up with investors increasingly risk averse as they worry about rising borrowing costs and waiting for US labor market data to be released tomorrow**
- **The Bank of England increased its benchmark rate by 25bp to 5.25%, reaching a 15-year high. The decision represented a moderation in the pace of increases from +50bps in June, while leaving the door open for further action if inflationary pressures continue**
- **Japan's central bank intervened for the second time this week to curb rises in benchmark sovereign bond yields**
- **In the US, Federal Reserve Bank of Richmond president Thomas Barkin said the moderation in inflation seen in June may be a sign that the economy will have a soft landing, returning to price stability without a recession**
- **Regarding economic figures, in the US, the Challenger, Gray & Christmas report showed a drop of 8.2% y/y in layoffs in July. Meanwhile, jobless claims for the week ending July 29 stood at 227k from 221k previously. Unit labor costs in 2Q23 moderated to +1.6% from +3.3% in 1Q23, with productivity up +3.7% after a contraction of 1.2%. Factory orders for June and the ISM for services for July will be published later**

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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,526.00	-0.2%
Euro Stoxx 50	4,305.79	-0.7%
Nikkei 225	32,159.28	-1.7%
Shanghai Composite	3,280.46	0.6%
<i>Currencies</i>		
USD/MXN	17.23	1.2%
EUR/USD	1.09	0.1%
DXY	102.48	-0.1%
<i>Commodities</i>		
WTI	79.61	0.2%
Brent	83.22	0.0%
Gold	1,932.46	-0.1%
Copper	384.75	0.1%
<i>Sovereign bonds</i>		
10-year Treasury	4.16	8pb

Source: Bloomberg

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>UK</i>					
7:00	Monetary policy decision (BoE)	%	--	5.25	5.00
<i>United States</i>					
8:30	Fed's Barkin Speaks on Economy				
8:30	Initial jobless claims* - Jul 29	thousands	230	225	221
9:45	Services PMI* - Jul (F)	index	52.4	52.4	52.4
9:45	Composite PMI* - Jul (F)	index	52.0	--	52.0
10:00	Factory orders* - Jun	% m/m	--	2.2	0.3
10:00	Ex transportation* - Jun	% m/m	--	--	-0.5
10:00	Durable goods orders* - Jul (F)	% m/m	--	4.7	4.7
10:00	Ex transportation* - Jul (F)	% m/m	--	0.6	0.6
10:00	ISM services* - Jul	index	54.0	53.0	53.9

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

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## Equities

- **Negative equity markets, reflecting investors' concerns about the impact of higher interest rates on growth, while some companies suggest a tighter economic outlook for the coming periods. Meanwhile, Qualcomm shares fall after presenting a weaker-than-expected outlook for the next quarter**
- **US futures anticipate a negative opening with the S&P500 declining 0.3% below its theoretical value. PayPal falls on pre-market after reporting lower profitability. In turn, Europe trades mainly with declines, with the Eurostoxx adjusting 0.7%. Some German stocks such as Infineon Technologies and Deutsche Lufthansa sink after poor expectations. On the international corporate front, out of the 49 S&P500 companies scheduled to report today, 24 have already updated investors with most outperforming estimates. The focus will be on Apple and Amazon's numbers at the market close**

## Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European assets adjust up to +6bps. The Treasuries' yield curve loses 4bps, on average, with the largest adjustments at the long-end. Yesterday, the Mbonos' yield curve registered a steepening bias as a result of losses of 4bps at the long-end, while the short-end adjusted +1bp**
- **The dollar slightly positive, while G10 currencies post negative returns with GBP (-0.5%) leading the losses. In EM, the bias is also negative with MXN (-1.2%) as the weakest, trading at 17.23 per dollar. This follows a risk aversion sentiment and deeper-than-expected cuts by Latin American central banks**
- **Crude-oil fluctuates between gains and losses as bearish sentiment across financial markets countered a record decline in US crude stockpiles of 17 million barrels. Metals trade negative with copper falling 0.3%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,282.52	-1.0%
S&P 500	4,513.39	-1.4%
Nasdaq	13,973.45	-2.2%
IPC	53,283.56	-1.7%
Ibovespa	120,858.72	-0.3%
Euro Stoxx 50	4,336.50	-1.6%
FTSE 100	7,561.63	-1.4%
CAC 40	7,312.84	-1.3%
DAX	16,020.02	-1.4%
Nikkei 225	32,707.69	-2.3%
Hang Seng	19,517.38	-2.5%
Shanghai Composite	3,261.69	-0.9%
<i>Sovereign bonds</i>		
2-year Treasuries	4.88	-2pb
10-year Treasuries	4.08	5pb
28-day Cetes	11.31	0pb
28-day TIIE	11.51	-1pb
2-year Mbono	10.13	2pb
10-year Mbono	8.92	5pb
<i>Currencies</i>		
USD/MXN	17.03	0.9%
EUR/USD	1.09	-0.4%
GBP/USD	1.27	-0.5%
DXY	102.59	0.3%
<i>Commodities</i>		
WTI	79.49	-2.3%
Brent	83.20	-2.0%
Mexican mix	76.27	-2.0%
Gold	1,934.45	-0.5%
Copper	384.35	-1.7%

Source: Bloomberg

## Corporate Debt

- **Grupo Financiero Inbursa and BNP Paribas Personal Finance (BNPPPF) announced that they have reached an agreement for the acquisition by Banco Inbursa of 80% of the capital of Cetelem Mexico, a subsidiary of BNP Paribas Personal Finance in Mexico**
- **Banco Inbursa currently has one issue in the market, BINBUR 14-7, with an outstanding amount of MXN 14.7 billion and maturity in 2024. Cetelem is a consistent underwriter in the market with 9 long-term issues with an outstanding amount of MXN 14.7 billion and is rated 'AAA' by S&P Global and Fitch Ratings**
- **S&P Global assigned 'mxAAA' ratings to PACCAR Financial Mexico's proposed notes, PCARFM 23 / 23-2. According to the agency, the rating reflects the company's status as a strategically important subsidiary of its holding company (PACCAR Inc.) and that it will provide support if needed**

## Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, 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, Jazmín 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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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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