

# Financial Markets Daily

August 4, 2023

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

- **Stock markets and government bonds yields mixed, and the USD slightly weaker, with investors digesting yesterday's mixed reports from big-name tech companies, and more importantly, weighing the implications of US labor market figures for the next Fed decision**
- **In the US, July's labor market report stands out in the economic agenda. Non-farm payrolls added 187 thousand positions, below expectations. However, the unemployment rate decreased to 3.5%, while average hourly earnings were slightly better than anticipated**
- **In Mexico, INEGI published GFI for May at +4.5% m/m (previous: 0.3%), with construction higher (7.6%) but with machinery and equipment also better (1.2%). In annual terms this implies +17.4%, Likewise, they announced private consumption for the fifth month of 2023. It fell 0.3% m/m (previous: +0.4%), impacted by the domestic component (0.9%). This implies +3.9% in annual terms reported**
- **In China, the PBoC announced that it may increase its support for the private sector, recognizing a growing necessity to boost market confidence. This was the first announcement by the new governor, Pan Gongsheng, although it comes on top of other measures previously announced by the central bank to try to support activity**
- **The UN –through the FAO– reported that global food prices increased in July for the first time in three months, impacted by trade disruptions and heat waves in different regions of the world**

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Winners of the 2023 award for best Mexico  
economic forecasters, granted by Focus  
Economics



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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,519.75	0.0%
Euro Stoxx 50	4,299.03	-0.1%
Nikkei 225	32,192.75	0.1%
Shanghai Composite	3,288.08	0.2%
<i>Currencies</i>		
USD/MXN	17.16	-1.0%
EUR/USD	1.10	0.3%
DX	102.47	-0.1%
<i>Commodities</i>		
WTI	81.65	0.1%
Brent	85.29	0.2%
Gold	1,941.42	0.4%
Copper	384.05	-1.5%
<i>Sovereign bonds</i>		
10-year Treasury	4.17	-1pb

Source: Bloomberg

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Retail sales* - Jun	% m/m	--	0.2	0.0
<i>Mexico</i>					
8:00	Gross fixed investment - May	% y/y	14.8	--	6.1
8:00	Gross fixed investment* - May	% m/m	2.6	--	-0.3
8:00	Private consumption - May	% y/y	5.1	--	2.5
8:00	Private consumption* - May	% m/m	0.2	--	0.5
<i>United States</i>					
8:30	Nonfarm payrolls* - Jul	thousands	225	200	209
8:30	Unemployment rate* - Jul	%	3.6	3.6	3.6

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

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## Equities

- **Mixed movements with small changes in equity markets as investors digest US jobs data and yesterday's stronger-than-expected Amazon (+9% in pre-market) figures, with an upward revision in its sales guidance; and from Apple (-3% in pre-market) with better-than-expected profit, but disappointing iPhone sales. Out of the 5 S&P500 companies scheduled to report today, 4 have already updated investors with most outperforming estimates, including Dominion Energy**
- **In Asia most markets closed positive. In Europe declines prevailed, the Eurostoxx sheds 0.1%. Shares from real estate and utilities sectors lead losses, while those from energy and financials are the biggest gainers. In turn, in the US the futures of main indices are mixed and show little changes**
- **In Mexico, the Mexbol Index may remain around the 53,400 pts**

## Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds while waiting for more information. European bonds post losses of up to 6bps on 10-year benchmarks and the Treasuries yield curve trades with pressures of 1bp on average. Yesterday, the Mbonos curve extended the steepening after losses of up to 11bps on long-term tenors**
- **The dollar trades with a slightly negative bias (DXY -0.1%). Most G10 currencies trade with losses, CHF (-0.4%) is the weakest while NOK (+0.2%) separates from its peers. In emerging markets, trading is capped by HUF (+0.3%) and RUB (-1.1%). Mexican peso trades little changed at 17.33 per dollar**
- **Crude-oil futures post gains of 0.4% maintaining momentum following yesterday's announcement from Saudi Arabia on maintaining the voluntary 1 Mbbl/d cut. Metals trade with losses**

## Corporate Debt

- **Grupo Televisa announced the termination and results of the tender offer for all of its 4.625% Senior Notes due 2026. The tender offer expired on August 2 and the settlement date is expected to be August 7, 2023. The Outstanding Principal amount of the Notes was US\$300 million and the total principal amount tendered on the maturity date of the offer was US\$92.58 million. It is important to mention that the total consideration per US\$1,000 principal amount of the Totalitarian Notes is US\$980.88**
- **Fitch Ratings downgraded North American Development Bank's (NADB) long-term international issuer default rating (IDR) to 'AA' from 'AA+'. The outlook is stable. According to the agency, the downgrade derived from the reduction in support from the United States**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,215.89	-0.2%
S&P 500	4,501.89	-0.3%
Nasdaq	13,959.71	-0.1%
IPC	53,445.09	0.3%
Ibovespa	120,585.77	-0.2%
Euro Stoxx 50	4,304.63	-0.7%
FTSE 100	7,529.16	-0.4%
CAC 40	7,260.53	-0.7%
DAX	15,893.38	-0.8%
Nikkei 225	32,159.28	-1.7%
Hang Seng	19,420.87	-0.5%
Shanghai Composite	3,280.46	0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	4.88	0pb
10-year Treasuries	4.18	10pb
28-day Cetes	11.31	0pb
28-day TIIE	11.51	0pb
2-year Mbono	10.17	3pb
10-year Mbono	9.01	9pb
<i>Currencies</i>		
USD/MXN	17.33	1.8%
EUR/USD	1.09	0.1%
GBP/USD	1.27	0.0%
DXY	102.54	0.0%
<i>Commodities</i>		
WTI	81.55	2.6%
Brent	85.14	2.3%
Mexican mix	77.77	2.0%
Gold	1,934.06	0.0%
Copper	389.95	1.5%

Source: Bloomberg

## 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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	Reference
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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