

# Financial Markets Daily

August 9, 2023

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

- **Stock markets positive, government bond yields mixed, and USD with few changes. Markets are more relaxed following the Italian government's adjustment to the bank tax and with deflation in China likely to moderate global inflation pressures, although it does signal risks for growth**
- **China released consumer and producer prices for July, posting deflation of 0.3% and 4.4%, respectively, amid a combination of a slowdown in consumer demand, with a drop in the property sector and a strong decline in exports**
- **A debt crisis bigger than Evergrande could be brewing in China. Country Garden Holdings is at risk of default after a delayed coupon payment, reflecting falling home sales and rising costs**
- **In Brazil, retail sales for June were published, coming in better than consensus estimates at 0.0% m/m (previous: -0.7%), while the annual variation stood at 1.3% (previous: - 1.1%)**
- **In Mexico, INEGI released inflation for July at 0.48% m/m, with the core at 0.39%, slightly below expectations. As such, annual inflation fell to 4.79% (previous: 5.06%), with the core also lower at 6.64% (previous: 6.89%)**

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#1 OVERALL FORECASTER - MEXICO



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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Brazil</i>					
8:00	Retail sales - Jun	% m/m	--	-0.2	-1.0
8:00	Retail sales* - Jun	% m/m	--	0.6	-1.0
<i>Mexico</i>					
8:00	Consumer prices - Jul	% m/m	0.50	0.48	0.10
8:00	Core - Jul	% y/y	0.43	0.41	0.30
8:00	Consumer prices - Jul	% y/y	4.81	4.78	5.06
8:00	Core - Jul	% y/y	6.68	6.66	6.89

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	4,529.75	0.2%
Euro Stoxx 50	4,331.62	1.0%
Nikkei 225	32,204.33	-0.5%
Shanghai Composite	3,244.49	-0.5%
<i>Currencies</i>		
USD/MXN	17.14	0.2%
EUR/USD	1.10	0.2%
DXY	102.54	0.0%
<i>Commodities</i>		
WTI	83.73	1.0%
Brent	86.87	0.8%
Gold	1,925.40	0.0%
Copper	378.30	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	4.02	-1pb

Source: Bloomberg

## Equities

- **Stock markets are mixed, with positive bias, as investors evaluate recent clarifications regarding the implications of the new tax on banks in Italy. In that sense, Italy's benchmark FTSE MIB index rises more than 1.5% and breaks a six-day losing streak. Meanwhile, UniCredit and Intesa Sanpaolo are up more than 4.0% and 2.6%, respectively, following the recent statements. On the back of the above, Europe trades mainly with gains, with the Eurostoxx increasing 1.0%, supported by the real estate and energy sectors'**
- **Asia closed mixed. Meanwhile, US futures anticipate an unchanged opening with the S&P500 climbing 0.2% above its theoretical value. On the international corporate front, out of the 4 S&P500 companies scheduled to report today, only Charles River Laboratories has released better-than-expected results. The rest of the companies will publish figures at the market close**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets trade with 3bps losses on 10-year benchmarks. The Treasuries yield curve trades with a slight flattening resulting from 3bps pressures on the short-end and marginal gains on the long-end. Yesterday, the Mbonos curve closed with gains of 3bps on average and the May'33 Mbono at 9.10% (-2bps)**
- **The USD trades little changed on the BBDXY while G10 and emerging market currencies post mixed movements. In the former group, trading is capped by NOK (+0.4%) and CHF (-0.3%) and in the latter, TWD (+0.2%) and RUB (-1.1%) are at the ends of the spectrum. The Mexican peso trades at 17.14 per dollar, representing a 0.2% depreciation**
- **Crude-oil futures are up 0.9% reflecting the effects of Saudi Arabia's production cut despite deflation in China. In metals, the performance is mixed, with copper recovering 0.8%**

## Corporate Debt

- **S&P Global upgraded the debt rating on VANRTCB 21 (Vanrenta's ABS) to 'mxAA+ (sf)' from 'mxAA (sf)'. The rating upgrade reflects the agency's view of the trust's strong financial position, which stems from a level of credit protection that it expects will continue to increase as the outstanding balance of the certificates is amortized**
- **S&P Global assigned an 'mxAAA' rating to Scotiabank's proposed issue, SCOTIAB 23. The rating reflects that the bonds will rank *pari passu* with all of the bank's existing and future unsecured debt**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,314.49	-0.4%
S&P 500	4,499.38	-0.4%
Nasdaq	13,884.32	-0.8%
IPC	53,663.02	-0.7%
Ibovespa	119,090.24	-0.2%
Euro Stoxx 50	4,288.85	-1.1%
FTSE 100	7,527.42	-0.4%
CAC 40	7,269.47	-0.7%
DAX	15,774.93	-1.1%
Nikkei 225	32,377.29	0.4%
Hang Seng	19,184.17	-1.8%
Shanghai Composite	3,260.62	-0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	4.75	-1pb
10-year Treasuries	4.02	-7pb
28-day Cetes	11.31	0pb
28-day TIIE	11.49	-1pb
2-year Mbono	10.13	-3pb
10-year Mbono	9.10	-1pb
<i>Currencies</i>		
USD/MXN	17.11	0.3%
EUR/USD	1.10	-0.4%
GBP/USD	1.27	-0.3%
DXY	102.53	0.5%
<i>Commodities</i>		
WTI	82.92	1.2%
Brent	86.17	1.0%
Mexican mix	79.21	0.9%
Gold	1,925.24	-0.6%
Copper	376.65	-1.8%

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
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<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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