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Banorte Research and Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets negative, government bond yields up, as dollar trades slightly up, with investors reacting to US producer prices. In China, there are concerns about local debt management and property sector problems**

- **Regarding economic figures, in the US producer prices stood at +0.3% m/m, above estimates, with the annual variation rising from 0.2% to 0.8%. While the Core also turned out above expectations at 2.4% y/y. University of Michigan consumer sentiment will be released later**

- **In other regions, UK preliminary 2Q23 GDP came in at 0.2% q/q, the biggest advance since early 2022, beating expectations. In Brazil, inflation in July was higher than anticipated at +0.12% m/m, with the annual variation at 3.99% (previous 3.16%), returning to levels above the target, but within the band of tolerance**

- **In Mexico, INEGI published industrial production for June, climbing 0.6% m/m (3.7% y/y). Gains centered in construction (2.2% m/m), with a uptick in manufacturing (0.2%) and mining stable (0.0%)**

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

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
UK					
2:00	Industrial production* - Jun	% m/m	--	0.2	-0.6
2:00	Gross domestic product* - 2Q23 (P)	% q/q	--	0.0	0.1
Brazil					
8:00	Consumer prices - Jul	% m/m	--	0.08	-0.08
8:00	Consumer prices - Jul	% y/y	--	3.95	3.16
8:00	Economic activity - Jun	% y/y	--	1.8	2.2
8:00	Economic activity* - Jun	% m/m	--	0.5	-2.0
Mexico					
8:00	Industrial production - Jun	% y/y	2.9	2.9	3.9
8:00	Industrial production* - Jun	% m/m	0.1	0.1	1.0
8:00	Manufacturing output - Jun	% y/y	1.7	1.6	1.9
United States					
8:30	Producer prices* - Jul	% m/m	--	0.2	0.1
8:30	Ex. food & energy* - Jul	% m/m	--	0.2	0.1
10:00	U. of Michigan Confidence* - Aug (P)	index	70.0	71.3	71.6

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,472.50	-0.3%
Euro Stoxx 50	4,334.43	-1.1%
Nikkei 225	32,473.65	0.0%
Shanghai Composite	3,189.25	-2.0%
Currencies		
USD/MXN	17.03	-0.6%
EUR/USD	1.10	0.0%
DXY	102.63	0.1%
Commodities		
WTI	83.32	0.6%
Brent	86.97	0.7%
Gold	1,915.52	0.2%
Copper	370.95	-1.5%
Sovereign bonds		
10-year Treasury	4.12	2pb

Source: Bloomberg

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Equities

- **Negative movements in equity markets as investors digest US inflation data and assess the Fed's monetary policy path, amid China-related concerns**

- **In Asia the markets closed mixed. Property developer Country Garden Holdings predicted a multi-billion dollar loss for 1H23. Meanwhile, in Europe stocks drop, the Eurostoxx sheds 1.1%. Shares from real estate, energy, and technology sectors lead losses**

- **In the US the futures of main indices point to a negative opening by falling 0.3% on average. There will be no corporate reports today**

- **In Mexico, the Mexbol Index may stand below the 53,800 pts**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets are under pressure, with GILTS posting a 12bps loss on the 10-year benchmark. Treasuries show a steepening bias resulting from 3bps gains on the short-end and 1bp losses on the long-end**

- **The dollar strengthens (DXY +0.1%) while G10 and EM currencies post mixed changes. In the former group GBP (+0.5%) and NOK (-0.5%) are at the ends and in the latter, trading is capped by HUF (+0.9%) and RUB (-1.4%). The MXN gained 0.7% to trade at 17.00 per dollar. We see stronger quotes as it is supported by attractive carry and solid fundamentals**

- **Crude-oil futures advanced 0.5% on a higher consumption outlook according to the IEA while inventories are below the 5-year average. In industrial metals, losses predominate**

Corporate Debt

- **S&P Global Ratings affirmed Banco Compartamos' global scale ratings at 'BB+' and its national scale ratings at 'mxAA'. The outlook is Stable. The agency expects Compartamos to maintain its leadership role in the microfinance segment in Mexico**

- **Fitch Ratings affirmed the rating of issuance HIRCB 19 (HIR Casa's MBS) at 'AAA(mex)' with Stable outlook. The rating reflects the adequate performance of the securitized assets, the growth in its credit protection and the mitigated operating risk**

- **HR Ratings assigned an 'HR AAA' rating to the proposed unsecured issues FEFA 23G and 23-2 for up to MXN 7.5 billion. The rating considers the implicit support received by the Fund from the Federal Government**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	35,176.15	0.2%
S&P 500	4,468.83	0.0%
Nasdaq	13,737.99	0.1%
IPC	53,889.03	-0.6%
Ibovespa	118,349.60	0.0%
Euro Stoxx 50	4,384.04	1.5%
FTSE 100	7,618.60	0.4%
CAC 40	7,433.62	1.5%
DAX	15,996.52	0.9%
Nikkei 225	32,473.65	0.8%
Hang Seng	19,248.26	0.0%
Shanghai Composite	3,254.56	0.3%
Sovereign bonds		
2-year Treasuries	4.84	3pb
10-year Treasuries	4.11	10pb
28-day Cetes	11.31	0pb
28-day TIIE	11.49	-1pb
2-year Mbono	10.15	7pb
10-year Mbono	9.02	2pb
Currencies		
USD/MXN	17.13	0.4%
EUR/USD	1.10	0.1%
GBP/USD	1.27	-0.3%
DXY	102.52	0.0%
Commodities		
WTI	82.82	-1.9%
Brent	86.40	-1.3%
Mexican mix	79.56	0.4%
Gold	1,912.48	-0.1%
Copper	376.50	-0.5%

Source: Bloomberg

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, 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
BUY	*When the share expected performance is greater than the MEXBOL estimated performance.*
HOLD	*When the share expected performance is similar to the MEXBOL estimated performance.*
SELL	*When the share expected performance is lower than the MEXBOL estimated performance.*

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