

Financial Markets Daily

August 22, 2023

Main drivers for the financial markets today...

- **Stock markets higher, government bond yields negative, and the USD depreciates slightly, with investors looking into news in the tech front and awaiting Jerome Powell's speech in Jackson Hole on Friday**
- **Regarding economic data, in the US we expect July's housing data (existing home sales), while in Mexico the banking sector survey will be released. In the Eurozone, June's current account showed a surplus of EUR35.8 billion. On the monetary front, the focus will be on several Fed speakers, including Barkin (Richmond), Goolsbee (Chicago) and Bowman (Fed's Board)**
- **In China, the PBoC acted to limit losses in the Yuan, increasing the costs of betting against it, being one of the most forceful actions in the history of the institution. We should remember that the central bank has been cutting rates, which has pressured the currency recently**
- **In the US, S&P Global cut the credit rating of several banks, citing as part of the adjustment the transition of customers to higher interest-paying accounts. It should be recalled that this follows a similar action by Moody's two weeks ago**
- **Today, the BRICS summit begins in South Africa. The talks will focus on the establishment of a common payment system, with no concrete plans to discuss the replacement of the dollar as the global currency. They will also evaluate the admission of new countries to the group. It should be noted that Vladimir Putin will not attend the meeting**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
4:00	Current account* - Jun	EUR\$bn	--	--	9.1
<i>United States</i>					
10:00	Existing home sales** - Jul	millions	--	4.1	4.2
14:30	Fed's Goolsbee Gives Welcome Remarks				
<i>Mexico</i>					
11:00	International reserves - Aug 18	US\$bn	--	--	203.9
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 20-year Mbono (Nov'42); 20-year Udibono (Nov'43) and 2-, and 5-year Bondes F				
16:00	Survey of expectations (Citibanamex)				

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	4,439.50	0.6%
Euro Stoxx 50	4,288.01	1.5%
Nikkei 225	31,856.71	0.9%
Shanghai Composite	3,120.33	0.9%
<i>Currencies</i>		
USD/MXN	16.92	-0.6%
EUR/USD	1.09	-0.2%
DXY	103.30	0.0%
<i>Commodities</i>		
WTI	80.53	-0.2%
Brent	84.13	-0.4%
Gold	1,897.64	0.1%
Copper	375.40	1.0%
<i>Sovereign bonds</i>		
10-year Treasury	4.33	-1pb

Source: Bloomberg

Equities

- **Positive equity markets with investors attentive to the outlook for major technology companies, as well as any hints on the Fed's next monetary policy moves**
- **US futures anticipate a bullish opening with the major index average trading 0.6% above its theoretical value. Nvidia keeps up a rally and is up by more than 1.6% on pre-market after consolidating an 8.5% gain at the beginning of the week, driven by the expectation of a favorable update on growth prospects tomorrow**
- **In Europe, profits prevailed and the Eurostoxx climbed 1.5%, supported by the technology and real estate sectors. Meanwhile, Asia closed positive, with the Hang Seng registering a 1.0% increase, while China continues with some monetary stimulus in view of the risks facing its economy**

Sovereign fixed income, currencies and commodities

- **Modest gains in sovereign bonds. The 10-year references in Europe advance 5bps, on average, while Treasuries pause sell-off that pushed yields to 16-year high. In México, Mbonos began the week with a sell-off of up to 15bps at the long-end and the 10-year reference closed at 9.45% (+10bps)**
- **Dollar slightly negative amid a favorable performance in most of developed currencies with AUD (+0.6%) as the strongest. In EM, the bias is mixed with ZAR (+1.3%) and RUB (-0.5%) at the extremes. Meanwhile, MXN trades at 16.92 per dollar (+0.6%), scoring five positive sessions in a row**
- **Crude-oil holds loss on signs of supply is rebounding while concerns linger about demand. Iranian exports grow, while Turkey and Iraq seek to restart a major oil pipeline. For their part, metals and grains trade with widespread gains**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,463.69	-0.1%
S&P 500	4,399.77	0.7%
Nasdaq	13,497.59	1.6%
IPC	53,109.77	-0.2%
Ibovespa	114,429.35	-0.8%
Euro Stoxx 50	4,224.87	0.3%
FTSE 100	7,257.82	-0.1%
CAC 40	7,198.06	0.5%
DAX	15,603.28	0.2%
Nikkei 225	31,565.64	0.4%
Hang Seng	17,623.29	-1.8%
Shanghai Composite	3,092.98	-1.2%
<i>Sovereign bonds</i>		
2-year Treasuries	5.00	6pb
10-year Treasuries	4.34	8pb
28-day Cetes	11.31	0pb
28-day TIIE	11.50	1pb
2-year Mbono	10.45	8pb
10-year Mbono	9.46	11pb
<i>Currencies</i>		
USD/MXN	17.02	-0.2%
EUR/USD	1.09	0.2%
GBP/USD	1.28	0.2%
DXY	103.30	-0.1%
<i>Commodities</i>		
WTI	80.72	-0.7%
Brent	84.46	-0.4%
Mexican mix	77.51	-0.3%
Gold	1,894.93	0.3%
Copper	375.45	0.4%

Source: Bloomberg

Corporate Debt

- **Financiera Bepensa announced the cancellation of the total voluntary prepayment of its issuance FINBE 20 on August 24, 2023, since the market price of the debt exceeds the face value on the proposed date. The maturity date of the bond is September 21, 2023**
- **Fitch Ratings assigned an 'AAA(mex)' rating to Sociedad Hipotecaria Federal's banking issuance of, SHF 23. The rating is based on the adequate capacity and high propensity of the Federal Government to provide support, if necessary**
- **Fitch Ratings rated at 'AAA(mex)' the first reopening of Orbia's sustainability-linked bonds, ORBIA 22L / 22-2L. The ratings reflect Orbia's geographic and product diversification**

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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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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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