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GRUPO FINANCIERO

Banorte Research and Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets and USD up, while government bond yields are mixed on renewed risk-taking by investors in Artificial Intelligence -especially Nvidia- and tech stocks stemming from an improved outlook for the companies, and awaiting Powell's speech tomorrow at Jackson Hole**

- **Market's attention is on the beginning of Jackson Hole symposium and on comments from Harker of the Fed of Philadelphia. Regarding economic figures, durable goods orders for July decline 5.2% m/m after increasing 4.4% the previous month. Jobless claims for the week ending August 19 stood at 230k down from 240k**

- **In Mexico, INEGI released inflation for 1H-August at 0.32% 2w/2w, with the core at 0.19%, mostly in line with expectations. As such, the annual print moderated to 4.67% from 4.78% in the previous fortnight**

- **Banxico's last meeting minutes will be released later. We will focus on three themes: (1) Their assessment about economic performance, as well as its potential implications for inflation, especially at the core level; (2) the balance of risks for prices, which remains skewed to the upside; and (3) the forward guidance and the conditions that need to be met for pondering an interest rate adjustment, which would likely be a cut**

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Turkey					
7:00	Monetary policy decision (C. Bank of Turkey)	%	--	20.00	17.50
Mexico					
8:00	Consumer prices - Aug 15	% m/m	0.31	0.31	0.21
8:00	Core	% m/m	0.19	0.22	0.09
8:00	Consumer prices - Aug 15	% y/y	4.67	4.66	4.78
8:00	Core	% y/y	6.21	6.24	6.52
11:00	Banxico's minutes				
United States					
8:30	Durable goods orders* - Jul (P)	% m/m	--	-4.0	4.6
8:30	Ex transportation* - Jul (P)	% m/m	--	0.2	0.5
8:30	Initial jobless claims* - Aug 19	thousands	236	240	239
12:00	Fed's Harker interview with CNBC				

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	4,464.75	0.4%
Euro Stoxx 50	4,264.47	-0.1%
Nikkei 225	32,287.21	0.9%
Shanghai Composite	3,082.24	0.1%
Currencies		
USD/MXN	16.86	0.4%
EUR/USD	1.08	-0.4%
DXY	103.89	0.5%
Commodities		
WTI	78.63	-0.3%
Brent	82.99	-0.3%
Gold	1,914.17	-0.1%
Copper	377.05	-1.0%
Sovereign bonds		
10-year Treasury	4.24	4pb

Source: Bloomberg

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Document for distribution among public

Equities

- **Stock markets with a positive bias driven by optimism in the technology sector. In particular, Nvidia rises more than 6.5% on pre-market after reporting figures that significantly exceeded analysts' expectations, while the demand for chips for businesses related to artificial intelligence continues to boost results. Nasdaq futures anticipate a bullish opening and are trading 0.9% above their theoretical value**

- **Although modest gains prevailed in Europe, the Eurosxtoxx was little changed, with the highest gains in real estate offset by declines in the materials sector. In the same sense, Asia closed with increases, with the Hang Seng rising 2.1% and the Nikkei 0.9%**

- **In Mexico, the Mexbol Index could be hover around 53,800 points, following its international peers**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets fluctuate between +/- 2bps. The Treasuries' yield curve trades with losses of 2bps on average. Yesterday, the Mbonos' yield curve recorded a flattening bias as a result of gains of 8bps at the short-end, while the mid- and long-end adjusted -19bps**

- **The dollar advances, causing all G10 currencies to trade in negative domain with SEK (-0.8%) leading the losses. In EM, the bias is mixed with TRY (+3.2%) and ZAR (-1.0%) at the extremes. The MXN depreciates 0.2% trading at 16.83 per dollar, after gaining 0.7% yesterday**

- **Crude-oil futures remain stable with markets digesting a possible increase in supply due to Biden administration's talks with Venezuela to lift sanctions. Metals trade in negative domain, highlighting a decrease in copper and gold of 0.9% and 0.3%, respectivelly**

Corporate Debt

- **Fitch Ratings commented that the new regulation to identify and control relevant exposures to counterparties with economic independence, implemented by the Mexican authorities, is favourable for credit. The regulation will take effect in October for domestic and global systemically important banks.**

- **PCR Verum assigned a rating of 'AA+/M (e)' to the VOLARCB 23 (ABS of Volaris) issuance, which is intended to be placed for MXN 1.5 billion. The rating is based on the future cash flows that Volaris will generate during the life of the issue**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,472.98	0.5%
S&P 500	4,436.01	1.1%
Nasdaq	13,721.03	1.6%
IPC	53,635.34	1.0%
Ibovespa	118,134.59	1.7%
Euro Stoxx 50	4,266.67	0.1%
FTSE 100	7,320.53	0.7%
CAC 40	7,246.62	0.1%
DAX	15,728.41	0.1%
Nikkei 225	32,010.26	0.5%
Hang Seng	17,845.92	0.3%
Shanghai Composite	3,078.40	-1.3%
Sovereign bonds		
2-year Treasuries	4.97	-8pb
10-year Treasuries	4.19	-13pb
28-day Cetes	11.31	0pb
28-day TIIE	11.50	-1pb
2-year Mbono	10.28	-14pb
10-year Mbono	9.25	-20pb
Currencies		
USD/MXN	16.79	-0.7%
EUR/USD	1.09	0.2%
GBP/USD	1.27	0.0%
DXY	103.42	-0.1%
Commodities		
WTI	78.89	-1.8%
Brent	83.21	-1.0%
Mexican mix	76.32	-0.9%
Gold	1,915.48	0.9%
Copper	383.75	1.3%

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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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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