

# Financial Markets Daily

September 1, 2023

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

- **Stock markets higher, government bond yields negative while the USD weakens, reacting to employment figures in the US and their implications for upcoming Fed actions**
- **Specifically, the report showed a creation of 187k jobs, above expectations, with the unemployment rate increasing at the margin to 3.8%. In addition, wage growth moderated. Other relevant data in the U.S. includes ISM manufacturing (August) and auto sales**
- **In China, efforts to stimulate the economy continue, highlighting a reduction in FX reserve requirements for banks, as well as other measures related to tax rates for households. In this context, the Caixin manufacturing PMI surprised to the upside at 51.0pts from 49.2pts**
- **On the monetary policy front, focus will be on comments from Mester (Cleveland), with earlier comments from Bostic focusing on some of the challenges the economy faces in a high rate environment**
- **Finally, in Mexico we await July's remittances and IMEF indicators for August. We should also remember that today marks the end of the summer break for Congress. Regarding other figures, Brazil's 2Q23 GDP surprised with a 0.9% q/q expansion**

Alejandro Padilla Santana  
Chief Economist and  
Head of Research  
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA  
Executive Director of Economic Research  
and Financial Markets Strategy  
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas  
Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar  
Director of Market Strategy  
manuel.jimenez@banorte.com

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economic forecasters, granted by Focus  
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#1 OVERALL FORECASTER - MEXICO



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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
6:00	Fed's Bostic Speaks on US Monetary Policy				
8:30	Nonfarm payrolls* - Aug	thousands	190	168	187
8:30	Unemployment Rate* - Aug	%	3.5	3.5	3.5
9:45	Fed's Mester Speaks on Inflation				
10:00	ISM manufacturing* - Aug	index	--	47.0	46.4
	Total vehicle sales** - Aug	thousands	--	15.5	15.7
<i>Brazil</i>					
8:00	Gross domestic product - 2Q23	% y/y	--	2.7	4.0
8:00	Gross domestic product* - 2Q23	& q/q	--	0.3	1.9
<i>Mexico</i>					
	Congress' Summer Break ends				
11:00	Family remittances - Jul	US\$bn	5,676.8	5,550.0	5,571.5
11:00	Survey of expectations (Banxico)				
14:00	PMI manufacturing (IMEF)* - Aug	index	50.7	--	51.8
14:00	PMI non-manufacturing (IMEF)* - Aug	index	51.4	--	51.7

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	4,541.25	0.6%
Euro Stoxx 50	4,302.85	0.1%
Nikkei 225	32,710.62	0.3%
Shanghai Composite	3,133.25	0.4%
<i>Currencies</i>		
USD/MXN	17.05	0.1%
EUR/USD	1.09	0.3%
DX	103.60	0.0%
<i>Commodities</i>		
WTI	84.31	0.8%
Brent	87.51	0.7%
Gold	1,950.57	0.5%
Copper	384.55	1.9%
<i>Sovereign bonds</i>		
10-year Treasury	4.07	-4pb

Source: Bloomberg

## Equities

- September begins with optimism in the stock markets and widespread gains, reacting favorably to labor market figures, after an average fall in dollars of 4.3% during August, in the sample of 30 indices that we usually follow
- Futures in the US anticipate a positive opening, with the S&P500 trading 0.6% above its theoretical value and the Nasdaq doing the same at 0.5%. *Broadcom Inc* falls ~5% on bleak revenue expectations. In Europe gains average ~0.3% with the energy sector leading the advances. Mining rises supported by the advance in industrial metals after the stimulus measures implemented in China. With the latter in mind, in Asia we observed mostly positive closes, with the Shanghai stock exchange up 0.4% and the Nikkei 0.3%. Hong Kong remained closed due to the impact of the strongest storm in at least 5 years
- In Mexico, after the market close we will have the announcement of the rebalancing of the Mexbol Index. We expect the sample to return to 35 stocks while only confirming Ctaxtel to leave

## Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. European 10-year benchmarks lose up to 2bps and the Treasuries yield curve marks a steepening bias resulting from 9bps gains at the short-end and few changes at long-end tenors. Yesterday the Mbonos' curve lost 3bps at the short-end and gained -3bps from the Mar'25 node
- The dollar weakens and BBDXY adjusts -0.3%. G10 currencies post broad-based gains with NOK (+0.9%) the strongest. In emerging markets, ZAR (+1.2%) is the strongest and RUB (-0.9%) leads decliners. Mexican peso reverses early losses to trade little changed at 17.03 per dollar
- Crude-oil futures gain 0.9% on a drop in Saudi Arabia's exports to 5.6 MMbpd marking a low since March 2021. Metals saw widespread gains, with copper (+1.8%) standing out

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,721.91	-0.5%
S&P 500	4,507.66	-0.2%
Nasdaq	14,034.97	0.1%
IPC	53,020.98	-2.5%
Ibovespa	115,741.81	-1.5%
Euro Stoxx 50	4,297.11	-0.4%
FTSE 100	7,439.13	-0.5%
CAC 40	7,316.70	-0.6%
DAX	15,947.08	0.3%
Nikkei 225	32,619.34	0.9%
Hang Seng	18,382.06	-0.5%
Shanghai Composite	3,119.88	-0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	4.86	-2pb
10-year Treasuries	4.11	-1pb
28-day Cetes	11.31	0pb
28-day TIIE	11.51	0pb
2-year Mbono	10.35	-2pb
10-year Mbono	9.29	-2pb
<i>Currencies</i>		
USD/MXN	17.04	1.8%
EUR/USD	1.08	-0.7%
GBP/USD	1.27	-0.4%
DXY	103.62	0.4%
<i>Commodities</i>		
WTI	83.63	2.5%
Brent	86.86	1.2%
Mexican mix	79.96	1.8%
Gold	1,940.19	-0.1%
Copper	382.20	-0.6%

Source: Bloomberg

## Corporate Debt

- HR Ratings ratified Fundación Dondé ratings at 'HR AA' and 'HR1', modifying the Stable Outlook to In-Process Review. According to the agency, the rating's In-Process Review is based on the refinancing plan of its MXN 1.7 billion in debt maturing in October 2023 through a new LT issuance of up to MXN 2 billion during September 2023. On the other hand, the Foundation presents a capitalization ratio of 58.6% as of 2Q23, as well as a leverage ratio of 1.3x
- Fibra Uno announced the extension of its US\$1.2 billion revolving, committed and sustainability-linked credit facility for two more years. The previous maturity date was July 23, 2024, which was extended to July 23, 2026

## 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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<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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GRUPO FINANCIERO BANORTE S.A.B. de C.V.

**Research and Strategy**

Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000

**Economic Research**

Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmin Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707

**Market Strategy**

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
-------------------------	-----------------------------	----------------------------	------------------

**Fixed income and FX Strategy**

Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144

**Equity Strategy**

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Juan Carlos Mercado Garduño	Strategist, Equity	juan.mercado.garduno@banorte.com	(55) 1103 - 4000 x 1746

**Corporate Debt**

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

**Quantitative Analysis**

Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Senior Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Jazmin Daniela Cuautencos Mora	Strategist, Quantitative Analysis	jazmin.cuautencos.mora@banorte.com	(55) 1103 - 4000
Andrea Muñoz Sánchez	Analyst, Quantitative Analysis	andrea.munoz.sanchez@banorte.com	(55) 1103 - 4000

**Wholesale Banking**

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebaldos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesil@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Solida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roltan.ferrer@banorte.com	(55) 1670 - 1899