

Financial Markets Daily

September 5, 2023

Main drivers for the financial markets today...

- **Stock markets mixed with S&P Futures down, government bond yields up, and USD up at 6-month highs as risk-off deepens after weak economic data in China and Europe, raising concerns of a recession in the Eurozone contrary to expectations of a “soft landing” in the US**
- **Regarding monetary policy, Chile will publish its decision later. A 75bp cut is expected**
- **The economic agenda includes July’s factory orders in the US. In Brazil, industrial production posted a stronger decline than expected, standing at -0.6% m/m and -1.1% y/y, while the PMI indicators for August were also published up from the previous month**
- **In Mexico, INEGI released August’s consumer confidence, standing at 46.7pts, up 0.4pts relative to July. Inside, the five categories were higher, noting the country’s current conditions (+1.1pts)**

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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	Industrial production - Jul	% y/y	--	-0.4	0.3
8:00	Industrial production* - Jul	% m/m	--	-0.3	0.1
<i>Mexico</i>					
8:00	Consumer confidence* - Aug	index	45.9	46.8	46.2
11:00	International reserves - Sep 1	US\$bn	--	--	203.7
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 30-year Mbono (Jul'53); 30-year Udibono (Nov'50) and 2-, 5-, and 10-year Bondes F				
16:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
10:00	Factory orders* - Jul	% m/m	--	-2.5	2.3
10:00	Ex transportation* - Jul	% m/m	--	0.1	0.2
10:00	Durable goods orders* - Jul (F)	% m/m	--	--	-5.2
10:00	Ex transportation* - Jul (F)	% m/m	--	--	0.5
<i>Chile</i>					
17:00	Monetary policy decision (BCCh)	%	--	9.50	10.25

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	4,515.00	-0.1%
Euro Stoxx 50	4,285.67	0.1%
Nikkei 225	33,036.76	0.3%
Shanghai Composite	3,154.37	-0.7%
<i>Currencies</i>		
USD/MXN	17.24	0.4%
EUR/USD	1.07	-0.5%
DXY	104.66	0.4%
<i>Commodities</i>		
WTI	86.98	1.7%
Brent	90.09	1.2%
Gold	1,931.82	-0.6%
Copper	379.30	-0.5%
<i>Sovereign bonds</i>		
10-year Treasury	4.23	5pb

Source: Bloomberg

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Equities

- **Equity markets mixed, reflecting investors' concerns after weaker economic data in China and Europe, underpinning risks of lower global dynamism**
- **After resuming trading due to the US holiday, futures anticipate a negative opening with the S&P500 trading 0.1% below its theoretical value. Meanwhile, Europe trades mainly with gains, although the Eurostoxx is little changed, posting the largest jumping in health care which is offset by declines in the consumer staples sector. Asia closed mainly with losses, with the Hang Seng down 2.1% and the Shanghai down 0.7% after lower-than-expected services figures in China**
- **Arm Holdings is planning to raise up to US\$4.87 billion through its IPO, the company said in a presentation, lower than the previously estimated of US\$8 billion**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. The 10-year rates in Europe adjust +3bps, while Treasuries' curve print losses of up to 10bps at the short-end as US markets reopen after Monday's US holiday. Yesterday, Mbonos registered few changes due to lower liquidity session**
- **Dollar trades at 6-month highs amid widespread losses in developed and emerging currencies. EUR/USD (-0.7%) and GBP/USD (-0.6%) reached their weakest level since June at 1.0725 and 1.2528, respectively. Meanwhile, USD/MXN trades very close to its 100-day MA at 17.25 (-0.5%)**
- **Crude-oil rose almost 2.0% with Brent and WTI reaching fresh highs in the year as key OPEC+ producers extended supply cuts. Saudi Arabia extended its unilateral output cut by another three months**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,837.71	0.0%
S&P 500	4,515.77	0.0%
Nasdaq	14,031.81	0.0%
IPC	53,030.52	-0.2%
Ibovespa	117,776.62	-0.1%
Euro Stoxx 50	4,279.87	-0.1%
FTSE 100	7,452.76	-0.2%
CAC 40	7,279.51	-0.2%
DAX	15,824.85	-0.1%
Nikkei 225	32,939.18	0.7%
Hang Seng	18,844.16	2.5%
Shanghai Composite	3,177.06	1.4%
<i>Sovereign bonds</i>		
2-year Treasuries	4.88	0pb
10-year Treasuries	4.18	0pb
28-day Cetes	11.31	0pb
28-day TIE	11.50	0pb
2-year Mbono	10.36	-1pb
10-year Mbono	9.35	1pb
<i>Currencies</i>		
USD/MXN	17.18	0.5%
EUR/USD	1.08	0.1%
GBP/USD	1.26	0.3%
DX	104.24	0.0%
<i>Commodities</i>		
WTI	85.55	0.0%
Brent	89.00	0.5%
Mexican mix	79.96	0.0%
Gold	1,942.69	0.1%
Copper	385.20	0.0%

Source: Bloomberg

Corporate Debt

- **Fitch Ratings affirmed Alsea's international rating at 'BB' and its national rating at 'A+(mex)'. The outlook is stable. The ratings reflect the company's strong business position as an owner and operator of quick-service restaurant franchises, cafeterias and casual dining restaurants in Mexico, Latin America, and Europe**
- **Moody's Local Mexico rated Grupo Aeroportuario del Pacifico's proposed issues at 'AAA.mx'. The rating reflects its strong competitive position in a heavily regulated industry with very high barriers to entry, as well as the rapid recovery in its traffic and revenue levels after the steep decline resulting from the COVID-19 pandemic**

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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>
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