

# Financial Markets Daily

September 6, 2023

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

- **Stock markets lower, government bond yields mixed and USD with small changes. Investors are concerned by the strengthening of the USD, weighing weak figures in Germany and more hawkish comments from ECB members ahead of next week's decision**
- **In connection with the USD appreciation, Japanese officials talked about the possibility of intervening in the foreign exchange market to defend the Yen. Meanwhile, in China, the central bank set the rate for its daily exchange rate at its strongest level on record to defend its currency**
- **Regarding economic data, in the Eurozone, July's retail sales fell 0.2% m/m, while German factory orders disappointed to the downside at -11.7% m/m. In the US we await services PMI and ISM indices for August, as well as the Fed's Beige Book. Tonight in China we will have the August's trade balance**
- **On the monetary front, attention will be on the decision from the Bank of Canada's, where they are expected to keep the rate unchanged at 5.00%. Meanwhile, the expectation is that in Poland the rate could decrease by 25bps to 6.50%. In addition, we will have comments from Collins (Boston) and Logan (Dallas). Lastly, BoE Governor Andrew Bailey will testify in front of members of Parliament in the UK**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
8:30	Fed's Collins Speaks on Economy, Policymaking				
8:30	Trade balance* - Jul	US\$bn	--	-68.0	-65.5
9:45	Services PMI* - Aug (F)	index	51.0	51.2	51.0
9:45	Composite PMI* - Aug (F)	index	50.4	--	50.4
10:00	ISM services* - Aug	index	52.7	52.7	52.7
14:00	Beige Book				
15:00	Fed's Logan Takes Part in Community Listening Session				
<i>China</i>					
23:00	Trade balance - Aug	USDbn	--	67.7	80.6
23:00	Exports - Aug	% y/y	--	-9.0	-14.5
23:00	Imports - Aug	% y/y	--	-9.4	-12.4

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	4,492.00	-0.2%
Euro Stoxx 50	4,231.87	-0.9%
Nikkei 225	33,241.02	0.6%
Shanghai Composite	3,158.08	0.1%
<i>Currencies</i>		
USD/MXN	17.53	0.6%
EUR/USD	1.07	0.1%
DXY	104.67	-0.1%
<i>Commodities</i>		
WTI	86.43	-0.3%
Brent	89.71	-0.4%
Gold	1,925.56	0.0%
Copper	377.80	-0.9%
<i>Sovereign bonds</i>		
10-year Treasury	4.24	-2pb

Source: Bloomberg

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## Equities

- **Negative movements in equity markets with nervous investors following weak economic data in Europe and elevated oil prices causing uncertainty around inflationary pressures and monetary outlook**
- **In Asia the markets closed mixed. In China, Country Garden managed to pay bond coupons, avoiding a default, which boosted real estate stock prices. In Europe stocks decline, the Eurostoxx sheds 0.9%. Shares from financial, consumer discretionary, and health care sectors lead losses. In turn, in the US the futures of main indices point to a negative opening by falling 0.2% on average**
- **In Mexico, Asur's passenger traffic in August confirmed a moderate increase, affected by the weakness in Colombia, while Gap's growth accelerated and was better than expected**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. Most rates in Europe lose 1bp on 10-year benchmarks while, the Treasuries yield curve registers gains of 2bps, on average. Yesterday, the Mbonos' curve closed with losses of 6bps on average and the May'33 Mbono ended at 9.48% (+8bps)**
- **The USD trades little changed on the BBDXY. Meanwhile, most of the G10 currencies trade with gains and EM trades mixed. In the former group, JPY (+0.3%) leads the gains and in the latter, CLP (+0.4%) is the strongest. The Mexican peso is the weakest among its peers, trading at 17.53 per dollar with a depreciation of 0.6%**
- **Crude-oil futures trade with losses of 0.3% on average, being a slight profit-taking after yesterday's gains. In metals, the negative bias prevails, with aluminum being the exception, up 0.6%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,641.97	-0.6%
S&P 500	4,496.83	-0.4%
Nasdaq	14,020.95	-0.1%
IPC	52,932.50	-0.2%
Ibovespa	117,331.30	-0.4%
Euro Stoxx 50	4,269.16	-0.3%
FTSE 100	7,437.93	-0.2%
CAC 40	7,254.72	-0.3%
DAX	15,771.71	-0.3%
Nikkei 225	33,036.76	0.3%
Hang Seng	18,456.91	-2.1%
Shanghai Composite	3,154.37	-0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	4.96	8pb
10-year Treasuries	4.26	8pb
28-day Cetes	11.31	0pb
28-day TIE	11.50	0pb
2-year Mbono	10.43	6pb
10-year Mbono	9.44	9pb
<i>Currencies</i>		
USD/MXN	17.42	1.4%
EUR/USD	1.07	-0.7%
GBP/USD	1.26	-0.5%
DXY	104.81	0.5%
<i>Commodities</i>		
WTI	86.69	1.3%
Brent	90.04	1.2%
Mexican mix	83.00	3.8%
Gold	1,926.12	-0.9%
Copper	384.85	-0.1%

Source: Bloomberg

## Corporate Debt

- **Today, Sociedad Hipotecaria Federal will auction a Development Banking bond, SHF 23, for a target amount of MXN 3.0 billion (max. MXN 4.0 billion). The issuance will have a 3.5-year term and will pay a floating rate pegged to the Overnight TIE**
- **S&P Global assigned an 'mxAA' rating to Cemex's proposed issuances, CEMEX 23L / 23-2L. The rating continues to capture Cemex's leading position in the global cement business and its ability to significantly increase its pricing in local currencies**
- **PCR Verum affirmed Fundación Rafael Dondé's 'AA/M' rating and kept the Negative outlook, as they observed improvements in profitability metrics, but at a slower pace than expected by the rating agency**

## 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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