

# Financial Markets Daily

September 7, 2023

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

- **Stock markets negative, USD up and government bond yields mixed with investors noting signs that the US economy is headed for a soft landing, reinforcing bets on further Fed's policy tightening and keeping borrowing costs higher for longer**
- **The US and the EU are working on a deal to implement tariffs targeting excess steel production from China and other countries**
- **Attention on comments from Federal Reserve speakers Bostic, Harker, Logan and Williams. Regarding economic figures, jobless claims were released for the week ending Sept. 2 posting a sharp decline to 216k from 228k, their lowest level since February**
- **In China, the trade balance report for August was published with a moderation in the drop in exports from -14.5% y/y the previous month to -8.8%. While imports showed a contraction of -7.3% y/y after a -12.4% y/y decline in July. Later, attention to the GDP data for 2Q23 in Japan**
- **In Mexico, INEGI published August's inflation at 0.55% m/m, with the core at 0.27%, slightly above expectations. As such, the annual variation fell to 4.64% (previous: 4.79%), with the core also lower at 6.08% (previous: 6.64%)**

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Winners of the 2023 award for best Mexico economic  
forecasters, granted by Focus Economics



## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
2:00	GER Industrial production* - Jul	% m/m	--	-0.5	-1.5
5:00	EZ Gross domestic product - 2Q23 (F)	% y/y	--	0.6	0.6
5:00	EZ Gross domestic product* - 2Q23 (F)	% q/q	--	0.3	0.3
<i>Mexico</i>					
8:00	Consumer prices - Aug	% m/m	0.57	0.54	0.48
8:00	Core - Aug	% m/m	0.32	0.30	0.39
8:00	Consumer prices - Aug	% y/y	4.65	4.64	4.79
8:00	Core - Aug	% y/y	6.13	6.12	6.64
<i>United States</i>					
8:30	Initial jobless claims* - Sep 2	thousands	230	234	228
10:00	Fed's Harker Speaks on Future of Fintech				
15:30	Fed's Williams Speaks at Bloomberg Market Forum				
15:45	Fed's Bostic Speaks on Economic Outlook				
19:00	Fed's Bostic Speaks on Economic Mobility				
19:05	Fed's Logan Speaks on Monetary Policy in Dallas				
<i>Japan</i>					
19:50	Gross domestic product* - 2Q23 (F)	% q/q	--	1.4	1.5

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	4,436.00	-0.8%
Euro Stoxx 50	4,217.95	-0.5%
Nikkei 225	32,991.08	-0.8%
Shanghai Composite	3,122.35	-1.1%
<i>Currencies</i>		
USD/MXN	17.46	-0.7%
EUR/USD	1.07	-0.3%
DX	105.12	0.2%
<i>Commodities</i>		
WTI	87.29	-0.3%
Brent	90.38	-0.2%
Gold	1,921.65	0.3%
Copper	372.10	-0.7%
<i>Sovereign bonds</i>		
10-year Treasury	4.28	0pb

Source: Bloomberg

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## Equities

- Negative bias in equity markets, where cautious sentiment prevails among investors as they are assessing economic risks in some regions of the world, as well as the Fed's upcoming monetary policy moves
- Futures in the US anticipate a negative opening with the S&P500 trading 0.8% below its theoretical value. Meanwhile, Europe trades mostly lower with the Eurostoxx dropping 0.5%, dragged down by technology stocks. Asia closed with declines, with the Hang Seng fell 1.3% and the Shanghai 1.1%. In turn, according to Bloomberg, China plans to expand the ban on the use of iPhones in sensitive departments to government-backed agencies and state-owned companies
- In Mexico, Oma exceeded growth expectations for August total traffic growth due to nearshoring impulse

## Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds. European assets gain up to 3bps. The Treasuries' yield curve trade with losses of 2bps on average. Yesterday, the Mbonos' yield curve recorded losses of 6bps, on average, concentrating the largest movements at the mid-end with the 5-year node adjusting +11bps. The 10-year benchmark closed at 9.50% (+8bps)
- The dollar advances, causing the majority of G10 currencies to trade in negative domain with GBP (-0.5%) leading the losses. In EM, the bias is mostly negative with PLN (-0.8%) as the weakest. The MXN appreciates 0.6% trading at 17.47 per dollar, after falling 0.9% yesterday
- Crude-oil futures retreat 0.5%, after a strong rally due to the extension of output cuts by Saudi Arabia and Russia. Brent remains above 90 \$/bbl, while WTI is trading at 87 \$/bbl. Metals trade with negative bias, highlighting a decrease in copper of 1.0%

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,443.19	-0.6%
S&P 500	4,465.48	-0.7%
Nasdaq	13,872.47	-1.1%
IPC	52,971.19	0.1%
Ibovespa	115,985.34	-1.1%
Euro Stoxx 50	4,238.26	-0.7%
FTSE 100	7,426.14	-0.2%
CAC 40	7,194.09	-0.8%
DAX	15,741.37	-0.2%
Nikkei 225	33,241.02	0.6%
Hang Seng	18,449.98	0.0%
Shanghai Composite	3,158.08	0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	5.02	6pb
10-year Treasuries	4.28	2pb
28-day Cetes	11.31	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.49	6pb
10-year Mbono	9.51	6pb
<i>Currencies</i>		
USD/MXN	17.58	0.9%
EUR/USD	1.07	0.0%
GBP/USD	1.25	-0.5%
DX	104.86	0.1%
<i>Commodities</i>		
WTI	87.54	1.0%
Brent	90.60	0.6%
Mexican mix	83.79	1.0%
Gold	1,916.56	-0.5%
Copper	378.60	-1.6%

Source: Bloomberg

## Corporate Debt

- Crédito Real informed that it had been personally notified of the order of August 28, by which the Court, regarding Nacional Financiera, has deemed the Company paid without reserve concerning any of the benefits claimed in the lawsuit, accomplishing a total settlement, for which it is also ordering to lift the attachment locked in the proceedings on certain assets of the Company
- Moody's Local MX affirmed Elementia's 'AA-.mx' rating and maintained a Stable outlook. The affirmation reflects the good positioning of its brands, its geographic diversification and its extensive marketing network of 3,389 distributors
- Moody's Local MX affirmed the rating of TIPMXCB 23 / 23-2 (ABS of TIP Mexico and TIP Auto) at 'AAA.mx (sf)'. The rating is based on the credit quality of the proposed portfolio, which is comprised of leases and auto transport and transport box loans

## 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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	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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