

Financial Markets Daily

September 11, 2023

Main drivers for the financial markets today...

- **Stock markets and government bond yields higher, with USD retreating. Optimism after Secretary Yellen said that the US will contain inflation without major damage to the labor market**
- **In addition, Chinese aggregate financing improved in August, the PBoC signaled strongly that they will defend the yuan, and inflation in said country returned to positive (+0.1% y/y). On the other hand, the European Commission cut the forecast for Eurozone GDP growth this year (0.8% from 1.1%), along with 2024 (1.3% from 1.6%)**
- **No more data for the rest of today's session in the US, also without Fed members' speeches. In Mexico, ANTAD's same-store sales in August**
- **Market attention this week on August inflation in the US, which we estimate at 0.6% m/m. This print will be key for bets about the possibility of one more hike from the Fed and/or the length of time of the *Fed funds* rate at a restrictive level**
- **In addition, to the ECB decision. We expect rates to be hiked by 25bps, with the deposit rate reaching 4.00%. In the market, the implied probability that this indeed materializes is quite low, hovering around 38%. Monetary policy meetings also in Russia and Peru**
- **In US data, also retail sales, producer prices, industrial production (Aug), along with Empire manufacturing and U. of Michigan consumer confidence (Sep)**
- **Going to other regions, the unemployment rate (Jul) in the UK, also with industrial production for the same month in the latter country and the Eurozone; the ZEW indicator (Sep) in Germany; August economic activity figures in China; and inflation and retail sales (Jul) in Brazil**
- **Mexico's industrial production in July grew 0.5% m/m. There won't be more relevant data in coming days**

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economic forecasters, granted by Focus
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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,532.00	0.5%
Euro Stoxx 50	4,251.30	0.3%
Nikkei 225	32,467.76	-0.4%
Shanghai Composite	3,142.78	0.8%
<i>Currencies</i>		
USD/MXN	17.55	-0.3%
EUR/USD	1.07	0.2%
DXY	104.72	-0.4%
<i>Commodities</i>		
WTI	86.94	-0.7%
Brent	90.34	-0.3%
Gold	1,925.19	0.3%
Copper	373.95	1.6%
<i>Sovereign bonds</i>		
10-year Treasury	4.30	3pb

Source: Bloomberg

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
	ANTAD same-store sales - Aug	% y/y	--	--	6.3
8:00	Industrial production - Jul	% y/y	4.5	3.7	3.7
8:00	Industrial production* - Jul	% m/m	0.3	--	0.6
8:00	Manufacturing output - Jul	% y/y	1.1	--	0.8

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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Equities

- **Dip-buying on positive credit data in China, coupled with a more optimistic monetary outlook. Meanwhile, attention will turn to some corporate events and economic data over the next few days**
- **US futures anticipate a bullish opening, with the S&P500 0.5% above its theoretical value. Qualcomm is extending its agreement for three more years as Apple's chip supplier. Europe trades mainly with gains, reflected in the Eurostoxx which is up by 0.2%. Asia closed mixed, but the Shanghai index jumped 0.8% due to better Chinese expectations**
- **In Mexico, we anticipate a trading range for the Mexbol Index this week between 51,700 and 53,800 points**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. European 10-year rates increase 2bps, while the US Treasuries' yield curve records losses of up to 4bps at the long-end. Mbonos printed a 17bps sell-off last week, with the 10-year tenor (May'33) at 9.55% (+22bps), its highest level since November 2022**
- **The dollar's record winning streak stalls as G10 currencies strengthens. In EM, the bias is also positive, with RUB (+1.7%) as the strongest. Meanwhile, MXN advances 0.3% to 17.55 per dollar after a 2.9% weekly depreciation**
- **Crude-oil futures decline about 0.5% after rallying almost 10% over the past two weeks, although prices remain supported by the view of excess demand in the last quarter of the year. Widespread gains in metals, highlighting the rebound in copper (+1.6%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,576.59	0.2%
S&P 500	4,457.49	0.1%
Nasdaq	13,761.53	0.1%
IPC	52,505.11	0.0%
Ibovespa	115,313.40	-0.6%
Euro Stoxx 50	4,237.19	0.4%
FTSE 100	7,478.19	0.5%
CAC 40	7,240.77	0.6%
DAX	15,744.75	0.2%
Nikkei 225	32,606.84	-1.2%
Hang Seng	18,202.07	0.0%
Shanghai Composite	3,116.72	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	4.99	4pb
10-year Treasuries	4.26	2pb
28-day Cetes	11.31	0pb
28-day TIE	11.50	0pb
2-year Mbono	10.49	-1pb
10-year Mbono	9.54	3pb
<i>Currencies</i>		
USD/MXN	17.59	0.0%
EUR/USD	1.07	0.0%
GBP/USD	1.25	0.0%
DX	105.09	0.0%
<i>Commodities</i>		
WTI	87.51	0.7%
Brent	90.65	0.8%
Mexican mix	83.85	0.7%
Gold	1,919.08	0.0%
Copper	371.65	-1.2%

Source: Bloomberg

Corporate Debt

- **Operadora de Servicios Mega (GF Mega) announced the extension of a bank credit line for an additional MXN 200 million to reach a total of MXN 1.1 billion with HSBC, which pays an interest rate of TIE plus 375bps**
- **HR Ratings affirmed Value Arrendadora's ratings at 'HR A+' with Stable outlook and its short-term rating at 'HR1'. The ratification was based on the explicit financial support from Value Grupo Financiero. The leasing company maintains adequate solvency indicators, due to the constant generation of net income**

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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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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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