

# Financial Markets Daily

September 12, 2023

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

- **Stock markets negative, government bond yields with few changes, and USD up in a backdrop of caution amid geopolitical tensions between the US and China, a growing threat of stagflation in Europe and losses in tech stocks after Oracle reported a slowdown in cloud sales**
- **In the US, Kevin McCarthy is set to endorse House Republicans' plans to launch an impeachment inquiry into President Biden. He considers it is the next logical step in their investigation of Biden and the business dealings of his son, Hunter**
- **Today, there is no relevant economic data in the US. In emerging economies, Brazil's inflation in August came in at 0.23% m/m from 0.12% m/m previously. With this, the annual metric stood at 4.61% from 3.99%. It should be noted that the increase was already anticipated by the central bank and was lower than estimated by the consensus**
- **In Germany, the ZEW expectations survey for September was published at -11.4pts, a less severe drop than expected (-15.0pts) and the previous data (-12.3pts). The unemployment rate in the United Kingdom rose to 4.3% in July from 4.2% reported the previous month**
- **In Mexico, the report on international reserves for the week ending September 8 will be released later**

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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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany and UK</i>					
2:00	UK Unemployment rate* - Jul	%	--	4.3	4.2
5:00	GER ZEW Survey (Expectations) - Sep	index	--	-15.0	-12.3
<i>Brazil</i>					
8:00	Consumer prices - Aug	% m/m	--	0.28	0.12
8:00	Consumer prices - Aug	% y/y	--	4.66	3.99
<i>Mexico</i>					
11:00	International reserves - Sep 8	US\$bn	--	--	204.2
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes; 3-year Mbono (Sep'26); 3-year Udibono (Dec'26) and 1-, and 3-year Bondes F				

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	4,528.25	-0.2%
Euro Stoxx 50	4,248.94	-0.1%
Nikkei 225	32,776.37	1.0%
Shanghai Composite	3,137.06	-0.2%
<i>Currencies</i>		
USD/MXN	17.37	0.6%
EUR/USD	1.07	-0.4%
DXY	104.86	0.3%
<i>Commodities</i>		
WTI	88.44	1.3%
Brent	91.64	1.1%
Gold	1,907.94	-0.7%
Copper	375.30	-0.5%
<i>Sovereign bonds</i>		
10-year Treasury	4.28	-1pb

Source: Bloomberg

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## Equities

- **Negative bias in equity markets with technology stocks down after Oracle (-9% on pre-market) reported lower-than-expected revenue on slowing cloud sales. Meanwhile, the focus will be on today's Apple (+0.4% on pre-market) event where the company will launch its new products, including the iPhone 15, which could influence the performance of the sector**
- **In Asia the markets closed mixed. In Europe declines predominated, the Eurostoxx sheds 0.1%. Shares from technology and materials sectors lead losses, while those from communication services and financials are the biggest gainers. In turn, in the US the futures of main indices point to a slightly negative opening by falling 0.2% on average**
- **In Mexico, the Mexbol Index may stand around the 52,200pts**

## Sovereign fixed income, currencies and commodities

- **Few changes in sovereign bonds. The 10-year rates in Europe decrease 1bps, while Treasuries adjust between +/-1bps. Yesterday, Mbonos began the week with a sell-off of up to 22bps. The 10-year benchmark closed at 9.76%, reaching highs since November 2022**
- **Dollar rebounded after sliding the most in two months yesterday. The developed and emerging currencies print widespread losses, excluding RUB (+1.5%). Meanwhile, USD/MXN trades slightly above its 100-day MA at 17.37 (-0.6%), offsetting yesterday's gains**
- **Crude-oil rose more than 1.0% driven by the monthly OPEC report that show a supply shortfall of more than 3 million barrels a day next quarter, potentially the biggest deficit in more than a decade. Moreover, they expect a steeper drop in world crude-oil inventories**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,663.72	0.3%
S&P 500	4,487.46	0.7%
Nasdaq	13,917.89	1.1%
IPC	52,267.48	-0.5%
Ibovespa	116,883.34	1.4%
Euro Stoxx 50	4,254.33	0.4%
FTSE 100	7,496.87	0.2%
CAC 40	7,278.27	0.5%
DAX	15,800.99	0.4%
Nikkei 225	32,467.76	-0.4%
Hang Seng	18,096.45	-0.6%
Shanghai Composite	3,142.78	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	4.99	0pb
10-year Treasuries	4.29	2pb
28-day Cetes	11.31	0pb
28-day TIE	11.51	0pb
2-year Mbono	10.59	10pb
10-year Mbono	9.77	23pb
<i>Currencies</i>		
USD/MXN	17.28	-1.8%
EUR/USD	1.08	0.5%
GBP/USD	1.25	0.3%
DX	104.57	-0.5%
<i>Commodities</i>		
WTI	87.29	-0.3%
Brent	90.64	0.0%
Mexican mix	83.86	0.0%
Gold	1,922.30	0.2%
Copper	380.70	2.4%

Source: Bloomberg

## Corporate Debt

- **HR Ratings ratified Banca Mifel ratings at 'HR A+', modifying the Outlook from Stable to Positive, and at 'HR2' for ST. According to the agency, the modification of the rating outlook is based on the adequate financial evolution of the last 12 months, which was reflected through healthy solvency levels, above the base scenario, with a basic and net capitalization ratio of 15.2% and 15.3% as of 2Q23 (vs. 14.3% and 14.5% as of 2Q22). Also, the Bank showed an orderly growth of its productive assets and has managed to maintain a healthy portfolio quality, with an adjusted delinquency rate of 2.8% as of 2Q23**
- **HR Ratings affirmed its 'HR1' rating for the ST Notes Program and Arrendadora Afirme's outstanding issues under its protection, following the intention to increase the amount of the program from MXN 1.5 billion to MXN 3 billion**

## 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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	Reference
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<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.faesib@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.rolan.ferrer@banorte.com	(55) 1670 - 1899