

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets biased lower, government bond yields up, and USD mixed. Cautiousness due to the recent rebound in oil prices, which could complicate central banks' fight against inflation, while representing a renewed risk for the economy and a potential source of a recession ahead
- In this backdrop, investors will listen closely the comments from the Saudi Energy Minister at the World Petroleum Congress, inventory levels, and the production of gasolines and refined products in refineries, among other catalysts. No additional data in the US and Mexico for the rest of the trading session. Moreover, no speeches from central bank members scheduled today
- Market attention on the Fed decision. In line with consensus, we expect the Fed funds rate to remain at 5.25% - 5.50%. Nevertheless, it will be very important to see possible changes in the dot plot, macroeconomic estimates, and on Powell's press conference
- Moreover, PMI indicators for September, especially in Germany, the United Kingdom, and the Eurozone, after recent data that suggests heightened risks about an economic contraction. These indicators also in the US, which is in a better cyclical position
- In monetary policy, decisions also by the BoE (+25bps), BoJ (unchanged), Brazil, Indonesia, Switzerland, Sweden, Norway, Turkey, South Africa, and Egypt, along with 1- and 5-year prime loan rates by the PBoC in China
- In events, the 78th General Assembly of the UN, which will be held throughout September 26th. On the other hand, the OECD will publish its Economic Outlook report
- The rest of the US data agenda includes housing starts, building permits, existing home sales (Aug) and the *Philly Fed* (Sep). In the Eurozone, current account (Jul) and consumer confidence (Sep). Lastly, consumer prices in the UK (Aug)
- In Mexico, aggregate supply and demand for 2Q23 grew 1.3% q/q (4.8% y/y). Releases in coming days include retail sales, IGAE (Jul), inflation (1H-Sep), and the banking sector survey

The most relevant economic data...

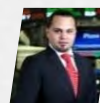
	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Aggregate supply and demand- 2Q23	% q/q	4.2	4.2	5.2

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

September 18, 2023



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market 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



www.banorte.com/analiseconomico
[@analisis_fundam](https://twitter.com/analisis_fundam)



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

Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,488.50	-0.2%
Euro Stoxx 50	4,248.39	-1.1%
Nikkei 225	33,533.09	0.0%
Shanghai Composite	3,125.93	0.3%
Currencies		
USD/MXN	17.08	0.0%
EUR/USD	1.07	0.1%
DXY	105.29	0.0%
Commodities		
WTI	91.26	0.5%
Brent	94.41	0.5%
Gold	1,926.38	0.1%
Copper	376.35	0.0%
Sovereign bonds		
10-year Treasury	4.34	1pb

Source: Bloomberg

Equities

- Cautious sentiment, reflecting the possibility of continued monetary policy tightening in light of signs that suggest renewed inflationary pressures in some regions of the world
- In the US, futures anticipate a negative opening, with the Nasdaq down 0.3% below its theoretical value. However, among corporates, some analysts remain positive on pre-orders for Apple's latest iPhone 15. In turn, Europe trades mainly with lower, with the Eurostoxx falling 1.1%, dragged by the consumer discretionary sector. Meanwhile, Societe Generale drops more than 10% after the bank cut its profitability targets. Asia closed with a negative bias
- In Mexico, this week we anticipate a trading range for the Mexbol index between 50,500 and 53,000 points

Sovereign fixed income, currencies and commodities

- Modest losses in sovereign bonds. European 10-year rates up 3bps, while the US Treasuries yield curve trades with few changes. Last week, Mbonos' curve gained 7bps at the short-end and lost 2bps at the long-end. The 10-year reference (May'33) closed at 9.58% (+4bps)
- Dollar is little changed amid a mixed performance in both G10 and EM. In the first group, CAD (+0.2%) and NOK (-0.6%) stand at the extremes. In EM, the Mexican peso is virtually unchanged at 17.08 per dollar after its largest weekly appreciation since December 2021 of 3.0%
- Crude-oil at fresh 10-month highs, with Brent closer to 95 dollars per barrel, after a 14% rally in the last 30 days as OPEC+ curbs production and the demand outlook brightens, indicating tight supplies ahead

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,618.24	-0.8%
S&P 500	4,450.32	-1.2%
Nasdaq	13,708.33	-1.6%
IPC	51,351.60	-0.8%
Ibovespa	118,757.53	-0.5%
Euro Stoxx 50	4,295.05	0.4%
FTSE 100	7,711.38	0.5%
CAC 40	7,378.82	1.0%
DAX	15,893.53	0.6%
Nikkei 225	33,533.09	1.1%
Hang Seng	18,182.89	0.7%
Shanghai Composite	3,117.74	-0.3%
Sovereign bonds		
2-year Treasuries	5.03	2pb
10-year Treasuries	4.33	5pb
28-day Cetes	11.31	0pb
28-day TIIE	11.51	0pb
2-year Mbono	10.44	-2pb
10-year Mbono	9.60	-2pb
Currencies		
USD/MXN	17.08	-0.2%
EUR/USD	1.07	0.1%
GBP/USD	1.24	-0.2%
DX	105.32	-0.1%
Commodities		
WTI	90.77	0.7%
Brent	93.93	0.2%
Mexican mix	87.50	0.7%
Gold	1,923.91	0.7%
Copper	380.10	-0.5%

Source: Bloomberg

Corporate Debt

- This week, we expect the auction of two sustainability-linked bonds by Cemex -which returns to the long-term market after its last maturity in 2017- for MXN 4 billion (max. MXN 6 billion); as well as a structured issuance, backed by future cash flows from credit card sales of airline tickets and additional services by Volaris, for up to MXN 1.5 billion
- Fibra Storage informed that, on August 14, it formalized the acquisition of the land identified as "Picacho Ajusco", which is expected to begin its construction process for the use of mini warehouses during 2024. According to the press release, the acquisition price of the property was for a total of MXN 90 million, including closing costs

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

Analyst Certification.

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 Thalia 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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document up dated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.

Directory

Research and Strategy



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Manuel Jiménez Zaldívar
Director of Market Strategy
manuel.jimenez@banorte.com
(55) 5268 - 1671



José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas Executive
Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com (55) 1670 - 2250



Isaías Rodríguez Sobrino
Analyst, Fixed Income, FX and Commodities
isaias.rodriguez.sobrino@banorte.com
(55) 1670 - 2144



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global Internacional
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000