Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- Stock markets lower, government bond yields and USD up, especially against EM. Risk aversion rises after last week's hawkish comments from a couple of Fed members, with greater concerns about even higher interest rates due to the rebound in crude oil prices

- In addition, renewed fears about the real estate sector in China after Evergrande scrapped creditor meetings at the last minute to reevaluate its restructuring plan, with other developers also with increasing issues that could lead to increased contagion risks

- Germany's IFO expectations survey for September reached 82.9pts, slightly higher than the 82.7pts of the previous month. No more data for the rest of the trading day, watching comments from Kashkari of the Fed and Lagarde of the ECB

- Market attention this week on Banxico's decision. We expect an unchanged reference rate at 11.25%, in line with consensus. Nevertheless, it is our take that inflation forecasts for the next two to four quarters will be revised modestly higher, reaffirming the need to stay cautious

- Regarding prices, we highlight inflation (Sep) in the Eurozone and Brazil, along with the PCE deflator (Aug) in the US. Central banker speeches include several members from the Fed and ECB, including Powell and Lagarde in coming days

- In monetary policy, apart from Mexico, decisions also in Thailand, Czech Republic, Colombia, and Bulgaria, in addition to the minutes from the latest decision in Brazil

- The rest of the US data agenda includes the third estimate of 2Q23 GDP (along with revisions to National Accounts series), housing prices (Jul), trade balance, personal income and spending, new home sales, durable goods orders (Aug) and consumer confidence (Sep)

- In Mexico, the trade balance, unemployment rate, banking credit, and public finance report (Aug)

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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	4,349.00	-0.3%
Euro Stoxx 50	4,174.40	-0.8%
Nikkei 225	32,678.62	0.9%
Shanghai Composite	3,115.61	-0.5%
Currencies		
USD/MXN	17.24	0.2%
EUR/USD	1.06	-0.2%
DXY	105.65	0.1%
Commodities		
WTI	89.89	-0.2%
Brent	93.26	0.0%
Gold	1,924.03	-0.1%
Copper	366.35	-0.1%
Sovereign bonds		
10-year Treasury	4.50	7pb

Source: Bloomberg

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
4:00	IFO Survey (business climate)* - Sep	index	--	85.2	85.7
United States					
18:00	Fed's Kashkari Speaks at Wharton				

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

Equities

- Losses reflecting caution due to the prospect of continued monetary tightening to control inflation, accentuating the risks of an economic recession in different regions

- US futures anticipate a negative opening, with the Nasdaq 0.2% below its theoretical value, while last week's performance was the worst since March. Meanwhile, Warner Bros Discovery and leading film and TV producers are up pre-market, after striking Hollywood's screenwriters reached a tentative new labor agreement. In turn, Europe trades lower, with the Eurostoxx falling 0.8%. Asia closed with losses, highlighting China (Hang Seng: -1.8%), reflecting losses in real estate stocks after signs of credit stress in more companies

- In Mexico, we anticipate a trading range for the Mexbol Index this week between 50,800 and 52,900pts, after Friday's close at 51,677pts

Sovereign fixed income, currencies and commodities

- Widespread losses in sovereign bonds. European 10-year rates up 5bps, while the US Treasuries' curve steepens with a sell-off of up to 8bps at the long-end. With this, Treasury yields rise to new multiyear highs, with the 10-year benchmark at 5.40% (+7bps), a level not seen since 2006

- Dollar climbs amid a mixed performance in G10, with SEK (+0.8%) and CHF (-0.5%) at the extremes. In EM, the bias is negative and the Mexican peso trades at 17.24 per dollar (-0.2%). We expect a weekly trading range between USD/MXN 16.90 and 17.40

- Crude-oil began the week with losses, although it remains at high levels due to tight global supplies. Speculators have boosted their bullish positions on WTI to the highest since February 2022. Negative balance in metals

Corporate Debt

- This week, we expect auction activity in the long-term corporate debt market, with up to MXN 8.7 billion to be placed through five bonds

- Grupo Lamosa announced the agreement to acquire the Spanish company Baldocer. The transaction will be covered by two payments, the first for €354 million at closing and the second in 2025 for a variable amount not less than €71 million. Lamosa expects to finance the transaction primarily through debt

- PCR Verum affirmed MAC Health's 'AA-/M' ratings with Stable outlook. The ratings incorporate the expected strengthening of its financial position and corporate structure following the announcement of the strategic alliance and investment by private equity fund General Atlantic for up to MXN 2.85 billion

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,963.84	-0.3%
S&P 500	4,320.06	-0.2%
Nasdaq	13,211.81	-0.1%
IPC	51,677.48	-0.5%
Ibovespa	116,008.64	-0.1%
Euro Stoxx 50	4,207.16	-0.1%
FTSE 100	7,683.91	0.1%
CAC 40	7,184.82	-0.4%
DAX	15,557.29	-0.1%
Nikkei 225	32,402.41	-0.5%
Hang Seng	18,057.45	2.3%
Shanghai Composite	3,132.43	1.5%
Sovereign bonds		
2-year Treasuries	5.11	-3pb
10-year Treasuries	4.43	-6pb
28-day Cetes	11.31	0pb
28-day TIIE	11.51	0pb
2-year Mbono	10.64	1pb
10-year Mbono	9.77	0pb
Currencies		
USD/MXN	17.20	-0.2%
EUR/USD	1.07	-0.1%
GBP/USD	1.22	-0.5%
DXY	105.58	0.2%
Commodities		
WTI	90.03	0.4%
Brent	93.27	0.0%
Mexican mix	86.99	0.2%
Gold	1,925.23	0.3%
Copper	369.60	0.0%

Source: Bloomberg

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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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