**Economic and Financial Markets Research**
Economic Research and Market Strategy

# Financial Markets Daily

**Main drivers for the financial markets today…**

- Stock markets mixed, government bond yields down and USD up. Relief from the sell-off in sovereign bonds after reaching multi-year highs. Nevertheless, investors remain concerned about the impact of a longer high rate scenario on the economy

- Leaders in the U.S. Senate introduced a stopgap bill that would fund the government through Nov. 17 and give fewer resources to Ukraine than President Biden requested. A final vote is still required, while it is very likely that it will face a difficult path in the House of Representatives

- The economic agenda in the US only includes durable goods orders for August with a 0.2% m/m advance, above estimates and after a contraction the previous month. Meanwhile, Fed's Kashkari will be interviewed on CNBC

- In Mexico, INEGI published August's trade balance, posting a US$1,377.1 million deficit. Exports fell 0.3% m/m (3.8% y/y) with mixed results inside, while imports climbed 1.5% m/m (-4.3% y/y), with generalized increases

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

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**A glimpse to the main financial assets**

| | Last | Daily chg. |
|---|---|---|
| *Equity indices* | | |
| S&P 500 Futures | 4,330.50 | 0.4% |
| Euro Stoxx 50 | 4,135.01 | 0.1% |
| Nikkei 225 | 32,371.90 | 0.2% |
| Shanghai Composite | 3,107.32 | 0.2% |
| *Currencies* | | |
| USD/MXN | 17.65 | 0.6% |
| EUR/USD | 1.05 | -0.3% |
| DXY | 106.43 | 0.2% |
| *Commodities* | | |
| WTI | 92.31 | 2.1% |
| Brent | 95.45 | 1.6% |
| Gold | 1,891.57 | -0.5% |
| Copper | 362.00 | -0.1% |
| *Sovereign bonds* | | |
| 10-year Treasury | 4.50 | -3pb |

Source: Bloomberg

**The most relevant economic data…**

| | Event/Period | Unit | Banorte | Survey | Previous |
|---|---|---|---|---|---|
| *Eurozone* | | | | | |
| **4:00** | Monetary aggregates (M3)* - Aug | EURbn | -- | -1.1 | -0.4 |
| *Mexico* | | | | | |
| **8:00** | Trade balance - Aug | US$mn | -1,704.6 | -1,200.0 | -881.2 |
| *United States* | | | | | |
| **8:30** | Durable goods orders* - Aug (P) | % m/m | -- | -0.5 | -5.2 |
| **8:30** | Ex transportation* - Aug (P) | % m/m | -- | 0.2 | 0.4 |

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

## Equities

- **Stock markets mixed, although with a positive bias, looking for some buying opportunities, after the recent declines**

- **US futures advance with the S&P and Nasdaq trading 0.4% above their theoretical value. The Dow is also positive by 0.3% after its worst day since March. Meanwhile, the Vix is starting to ease after hitting yesterday a high of 19.50, not seen since May**

- **Europe trades mixed, with the Eurostoxx advancing 0.2%, with industrial stocks leading the gains, although being offset by declines in communications. In Asia, stock markets reversed yesterday's losses and closed mostly higher, with the Hang Seng rising 0.8%. In Mexico, the IPC could continue to consolidate around 51,000 points**

## Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. Rates in Europe post gains of up to 5bps on 10-year benchmarks. Meanwhile, the Treasuries yield curve trades with a slight flattening resulting from gains of up to 3bps on the long-end. Yesterday, the Mbonos' curve closed with losses of 7bps concentrated in the mid-end. The 10-year benchmark ended the session at 9.96% (+7bps), a new high since 2002**

- **The USD appreciates and the BBDXY gained 0.2%. In G10 currencies, AUD (-0.4%) leads the declines. In EM, losses predominate and PLN (-0.6%) is the weakest. MXN extends yesterday's losses and trades at 17.65 per dollar (-0.6%), the next technical support is located at 17.70**

- **Crude-oil futures are up 1.5% on average after a new decline in API inventories and concerns about the oil production deficit. Metals are trading lower with nickel and aluminum retreating 1.0%**

## Corporate Debt

- **The resolutions of the Bondholders' Meeting of the VASCONI 19 issue were announced. The main agreement was the approval to grant an extension to the term of the Standby Agreement for an additional period of 30 calendar days, that is to say, until October 29, 2023, and, consequently, it was approved to modify the Standby Agreement**

- **Currently, Grupo Vasconia has two outstanding long-term issuances, VASCONI 19 and 22L, with a combined outstanding amount of MXN 862 million and maturities on August 2024 and July 2025. It is important to remember that on July 18, HR Ratings downgraded Grupo Vasconia's rating and its issues to 'HR D' from 'HR C-', placing them on Review in Process**

### Previous closing levels

| | Last | Daily chg. |
|---|---|---|
| *Equity indices* | | |
| Dow Jones | 33,618.88 | -1.1% |
| S&P 500 | 4,273.53 | -1.5% |
| Nasdaq | 13,063.61 | -1.6% |
| IPC | 51,107.80 | -0.5% |
| Ibovespa | 114,193.43 | -1.5% |
| Euro Stoxx 50 | 4,129.18 | -0.9% |
| FTSE 100 | 7,625.72 | 0.0% |
| CAC 40 | 7,074.02 | -0.7% |
| DAX | 15,255.87 | -1.0% |
| Nikkei 225 | 32,315.05 | -1.1% |
| Hang Seng | 17,466.90 | -1.5% |
| Shanghai Composite | 3,102.27 | -0.4% |
| *Sovereign bonds* | | |
| 2-year Treasuries | 5.12 | 0pb |
| 10-year Treasuries | 4.54 | 0pb |
| 28-day Cetes | 11.06 | -9pb |
| 28-day TIIE | 11.50 | 0pb |
| 2-year Mbono | 10.75 | 7pb |
| 10-year Mbono | 9.96 | 7pb |
| *Currencies* | | |
| USD/MXN | 17.55 | 0.9% |
| EUR/USD | 1.06 | -0.2% |
| GBP/USD | 1.22 | -0.4% |
| DXY | 106.23 | 0.2% |
| *Commodities* | | |
| WTI | 90.39 | 0.8% |
| Brent | 93.96 | 0.7% |
| Mexican mix | 86.70 | 0.2% |
| Gold | 1,900.65 | -0.8% |
| Copper | 364.90 | -0.6% |

Source: Bloomberg

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## Analyst Certification.

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