

Financial Markets Daily

September 1, 2020

Main drivers for the financial markets today...

- **Stock markets positive, with government bond yields and commodities up given an extension in USD weakness. There is also support from mostly positive figures in PMI data. Specifically, the DXY dollar index came in at its lowest level in little over two years, still adjusting after changes to the Fed's monetary policy framework last Thursday in Jackson Hole**
- **The day is being dominated by economic data, highlighting manufacturing PMIs. The print in China was better than expected at 53.1pts. In Germany it came in at 52.2pts while in the UK it was practically in line at 55.2pts. In the Eurozone it stood at 51.7pts. Meanwhile, inflation in the Eurozone in August surprised lower at -0.2% and at a new low since April 2016, while the core component plunged to 0.4%, new historical low**
- **The RBA maintained its reference rate at 0.25%, adding that they may expand their asset purchase program if needed. At 6:00pm (ET) we will be looking into the decision by the Chilean Central Bank, which is expected to leave rates unchanged at 0.50%. In Mexico attention will be in the Second Annual Presidential Address as well as on Congress resuming sessions. On data we highlight family remittances for July and IMEF's PMIs for August. In the US we will also have manufacturing data as well as a speech from Fed Governor Brainard, expected to discuss the policy framework**

Gabriel Casillas

Chief Economist, Head of Research and IRO
gabriel.casillas@banorte.com

Alejandro Padilla

Executive Director of Economic Research and Financial Market Strategy
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA

Director of Economic Research
juan.alderete.macal@banorte.com

Manuel Jiménez

Director of Market Strategy
manuel.jimenez@banorte.com

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
4:00	EZ Manufacturing PMI (Markit)* - Aug (F)	index	--	51.7	51.7
5:00	EZ Unemployment rate* - Jul	%	--	8.0	7.8
5:00	EZ Consumer prices - Aug (P)	% y/y	--	--	0.4
5:00	Core - Aug (P)	% y/y	--	0.9	1.2
United States					
9:45	Manufacturing PMI (Markit)* - Aug (F)	index	53.6	53.6	53.6
United States					
9:45	Manufacturing PMI (Markit)* - Aug (F)	index	53.6	53.6	53.6
10:00	ISM manufacturing* - Aug	index	53.5	54.5	54.2
13:00	Fed's Brainard Speaks at Brookings on Economic Outlook				
0:00	Total vehicle sales** - Aug	thousands	--	14.5	14.5
Mexico					
10:00	International reserves - Aug 28	US\$bn	--	--	193.1
10:00	Family remittances - Jul	US\$m	3,415.4	3,324.0	3537.0
10:00	Survey of expectations (Banxico)				
12:30	Gover weekly auction: 1-, 3-, 6- 12- month CETES, 5-year Mbono (Sep'24), and 10-year Udibono (Nov'28)				
13:00	PMI manufacturing (IMEF)* - Aug	index	48.6	--	48.1
13:00	PMI non-manufacturing (IMEF)* - Aug	index	45.5	--	47.0
	Second annual Presidential Address and Congress resumes sessions after summer break				

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.
Equity indices		
S&P 500 Futures	3,507.50	0.2%
Euro Stoxx 50	3,280.24	0.2%
Nikkei 225	23,138.07	0.0%
Shanghai Composite	3,410.61	0.4%
Currencies		
USD/MXN	21.72	-0.8%
EUR/USD	1.20	0.4%
DXY	91.88	-0.3%
Commodities		
WTI	43.06	1.1%
Brent	45.85	1.3%
Gold	1,989.09	1.1%
Copper	307.25	0.4%
Sovereign bonds		
10-year Treasury	0.71	1pb

Source: Bloomberg

Equities

- September begins with positive movements in most equity markets as investors react to favorable data in PMI indicators in China and Europe, giving positive signs of a recovery. On the corporate front, Zoom shares are up sharply more than 30% in the pre-market, after releasing its fiscal second-quarter results - which easily beat analysts' expectations- and rising its full-year guidance
- In Asia, the markets closed mixed. In Europe stocks advance, the Euro Stoxx adds 0.2%. Shares from technology and utilities sectors lead gains. In turn, in the US the futures of main indices are mixed but on average increase 0.2%
- In Mexico, the Mexbol may stand below the 37,000 pts

Sovereign fixed income, currencies and commodities

- Fixed-income activity under pressure, experiencing pressures in most of Asia/Pacific markets and a balance with adjustments of 1-2bps in Europe. US Treasuries print a 1-2bps loss with grater incidence in the long-end of the yield curve. The week opened with positive dynamics in the local fixed-income market with a gain of 1-3bps in Mbonos yesterday
- USD weakness extends with the DXY and the BBDXY falling ~0.3% reaching new los since 2018. Gains this Tuesday in the G10 universe are leaded by GBP (+0.8%) with EUR trading close to the 1.20 handle. In EM balance is positive with USD/MXN at 21.72 (+0.8%)
- Commodities perform with positive movements supported by optimism in economic recovery and a weak USD. Oil scores 5 days in a upward trend in WTI terms, while copper leads metals rally with a 2% surge

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	28,430.05	-0.8%
S&P 500	3,500.31	-0.2%
Nasdaq	11,775.46	0.7%
IPC	36,840.73	-2.5%
Ibovespa	99,369.20	-2.7%
Euro Stoxx 50	3,272.51	-1.3%
FTSE 100	5,963.57	0.0%
CAC 40	4,947.22	-1.1%
DAX	12,945.38	-0.7%
Nikkei 225	23,139.76	1.1%
Hang Seng	25,177.05	-1.0%
Shanghai Composite	3,395.68	-0.2%
Sovereign bonds		
2-year Treasuries	0.13	0pb
10-year Treasuries	0.70	-2pb
28-day Cetes	4.45	-3pb
28-day TIE	4.77	0pb
2-year Mbono	4.67	-2pb
10-year Mbono	6.08	-1pb
Currencies		
USD/MXN	21.89	0.6%
EUR/USD	1.19	0.3%
GBP/USD	1.34	0.1%
DXY	92.14	-0.2%
Commodities		
WTI	42.61	-0.8%
Brent	45.28	0.5%
Mexican mix	40.85	0.7%
Gold	1,967.80	0.2%
Copper	306.15	1.4%

Source: Bloomberg

Corporate Debt

- In the Corporate Debt Markets, there are 10 long-term bonds in the pipeline for September for an amount up to MXN 14 billion; the note with the largest called amount is FHipo's RMBS, FHIPOBUR 20, for MXN 3.5 billion
- The rest of the pipeline are unsecured notes from issuers such as Grupo Traxión, Médica Sur, Financiera Bepensa, MAC Health, CIE, and Palacio de Hierro
- GENTERA announced that, through its subsidiary Compartamos Financiera in Peru, it issued 80 million soles (approx. MXN 500 million) for 1-year with a fixed rate of 2.63%

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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x:

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Market Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
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Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

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
Valentín III Mendoza Balderas	Senior Strategist, Equity	valentin.mendoza@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x:
Juan Barbier Arizmendi	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Tania Abdul Massih Jacobo	Director of Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
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

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domiguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faes@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida 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 - 1002
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) 8318 - 5071
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) 5004 - 1453
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) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454