

Financial Markets Daily

Main drivers for the financial markets today...

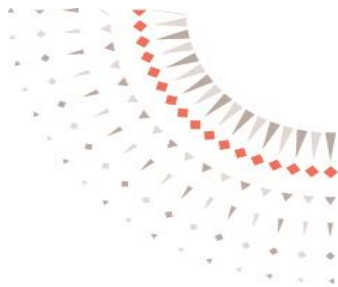
- **Mixed stock markets, while government bond yields and the dollar post gains. Europe is positive amid new stimulus measures announced by France for 100 billion euros, better-than-expected August PMI figures and signs of progress in the distribution of the COVID-19 vaccine. Meanwhile, S&P futures are negative due to profit taking as tensions between China and the US remain**
- **Regarding economic figures, in the US, jobless claims for the week ending August 29 stood at 881k, below consensus estimate of 950k and the previous week's level of 1.0 million. The trade balance for the seventh month of the year posted a 63.6 billion deficit. The ISM non-manufacturing report for August will also be released and is expected at 57.0pts**
- **In the Eurozone, retail sales decreased 1.3% m/m, below consensus estimate of a 1.0% m/m increase and the previous month growth of 5.3% m/m. In Brazil industrial production grew more than estimated in July at a 8.0% m/m rate (Consensus: 5.9% m/m)**
- **In Mexico, INEGI released the employment report for the seventh month of the year. The unemployment rate stood at 5.4%, marginally improving relative to June (5.5%). The participation rate also improved to 54.9% above the 53.1% previously observed**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
3:55	GER Services PMI (Markit)* - Aug (F)	index	--	50.8	50.8
3:55	GER Composite PMI (Markit)* - Aug (F)	index	--	53.7	53.7
4:00	EZ Services PMI (Markit)* - Aug (F)	index	--	50.1	50.1
4:00	EZ Composite PMI (Markit)* - Aug (F)	index	--	51.6	51.6
4:30	UK Services PMI* - Aug (F)	index	--	60.1	60.1
5:00	EZ Retail sales* - Jul	% m/m	--	1.4	5.7
Brazil					
8:00	Industrial production - Jul	% y/y	--	-7.0	-9.0
United States					
8:30	Initial jobless claims* - Aug 29	thousands	--	950	1,006
8:30	Trade balance* - Jul	US\$bn	--	-52.0	-50.7
9:45	Services PMI (Markit)* - Aug (F)	index	--	54.8	54.8
9:45	Composite PMI (Markit)* - Aug (F)	index	--	--	54.7
10:00	ISM Non-manufacturing* - Aug	index	--	57.0	58.1
12:30	Fed's Evans Discusses Economy and Monetary Policy				

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	3,564.50	-0.4%
Euro Stoxx 50	3,372.57	1.0%
Nikkei 225	23,465.53	0.9%
Shanghai Composite	3,384.98	-0.6%
Currencies		
USD/MXN	21.78	0.0%
EUR/USD	1.18	-0.4%
DXY	93.01	0.2%
Commodities		
WTI	40.45	-2.6%
Brent	43.39	-2.3%
Gold	1,934.81	-0.4%
Copper	296.85	-1.1%
Sovereign bonds		
10-year Treasury	0.65	0pb

Source: Bloomberg
 Document for distribution among public

Equities

- Stock markets show mixed variations although with a positive bias supported by the stimulus measures announced in France and the expectations around the coronavirus vaccines
- After reaching historical highs again, US futures are expected to open negatively, reflecting profit taking. Thus, the S&P500 is trading 0.4% below its theoretical value
- In the meantime, in Asia, the session concluded mixed. The Hang Seng fell 0.5% against a 0.9% advance in the Nikkei. Europe, on the other hand, shows solid increases with the Eurostoxx rising 1.0%, due to the announced stimulus. A better than expected PMI figure for August also adds to the optimism that the economic recovery will continue
- In Mexico, the Mexbol could continue to be pressured by the lack of catalysts

Sovereign fixed income, currencies and commodities

- Mixed movements in sovereign bonds with most European securities posting 1-2bp gains, except UK bonds which are down by 2bp. Meanwhile, the Treasuries curve shows losses of 1bp. Yesterday, the Mbonos yield curve closed with gains of 1bp on average with the 10-year benchmark closing at 5.79% (-1bp)
- USD trades with moderate gains (BBDXY +0.3%) amidst a negative G10 foreign exchange performance, with NOK (-0.7%) leading the losses. In the EM group, the dynamics are negative with THB (-0.7%) leading losses while the MXN trades unchanged at 21.78 per dollar
- Crude oil futures are down 1.6% with concerns about compliance with the OPEC+ production cut. In metals, gold falls 0.7% to 1,929 US\$/oz t while in industrials the balance is mixed with aluminum falling 1.7% and nickel advancing 1.1%

Corporate Debt

- Coca-Cola FEMSA announced the closing of its green bond for US\$705 million due 2032 with a fixed rate of 1.850%
- HR Ratings affirmed the ‘HR AA+’ rating for Fibra Shop and its unsecured notes FSHOP 17 / 17-2 / 19 / 19U and changed the outlook to Negative from Stable based on the decrease in Free Cash Flow generation due to lower cash flow from operating activities due to the increase in accounts receivable generated by the support plan provided by FSHOP to the tenants
- Grupo Herdez will call its unsecured notes HERDEZ 18 on September 10th, 2020 for a total amount of MXN 1.0 billion

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	29,100.50	1.6%
S&P 500	3,580.84	1.5%
Nasdaq	12,056.44	1.0%
IPC	37,053.77	-1.2%
Ibovespa	101,911.10	-0.3%
Euro Stoxx 50	3,337.77	1.8%
FTSE 100	5,940.95	1.3%
CAC 40	5,031.74	1.9%
DAX	13,243.43	2.1%
Nikkei 225	23,247.15	0.5%
Hang Seng	25,120.09	-0.3%
Shanghai Composite	3,404.80	-0.2%
Sovereign bonds		
2-year Treasuries	0.13	0pb
10-year Treasuries	0.65	-2pb
28-day Cetes	4.42	0pb
28-day TIIE	4.76	0pb
2-year Mbono	4.62	-2pb
10-year Mbono	6.05	-1pb
Currencies		
USD/MXN	21.77	-0.1%
EUR/USD	1.19	-0.5%
GBP/USD	1.34	-0.3%
DXY	92.85	0.6%
Commodities		
WTI	41.51	-2.9%
Brent	44.43	-2.5%
Mexican mix	40.17	-2.3%
Gold	1,942.92	-1.4%
Copper	302.05	-0.3%

Source: Bloomberg

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Tania Abdul Massih Jacobo, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Valentín III Mendoza Balderas, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo, Eridani Ruibal Ortega, and Juan Barbier Arizmendi 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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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