

# Financial Markets Daily

## Main drivers for the financial markets today...

- Stock markets and government bond yields mixed with negative bias, while the dollar posts gains. Negative markets in Asia with negative print in China's trade balance, while Europe is up given expectations of resiliency due to valuations, despite heightened geopolitical tensions. US markets closed amid Labor Day
- Gross fixed investment in Mexico reached -24.1% y/y in June (+20.1% m/m), better relative to market expectations. On the other hand, private consumption for the same month declined 18.3% y/y (+5.5% m/m)
- Market attention this week in the fiscal front, including the possible vote of a US\$500 billion stimulus package in the US proposed by Senate Republicans, the Budget Proposal for 2021 in our country on Tuesday, along a meeting of Eurozone finance ministers starting on Friday
- In monetary policy, we do not expect policy changes by the ECB on Thursday, with decisions also in Canada, Peru and Malaysia. Also, several countries will publish inflation for August, among them China, Brazil, US, Germany and Mexico
- In global data, heed for 2Q20 GDP in Japan and the Eurozone. Other figures in coming days include consumer credit and jobless claims in the US, trade balance in Germany, retail sales in Brazil, and industrial production in UK, as fears of a more modest recovery still linger around
- In Mexico, we estimate August's inflation at 0.37% m/m and July's industrial production at -11.6% y/y (+6.6% m/m). In coming days, other releases include wage negotiations and ANTAD's same store sales, both for August

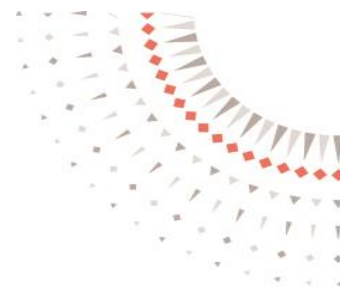
## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Germany</b>					
2:00	Industrial Production* - Jul	% m/m	--	4.5	8.9
<b>Mexico</b>					
7:00	Gross fixed investment - Jun	% y/y	-23.3	-23.6	-39.7
7:00	Gross fixed investment* - Jun	% m/m	20.9	--	-4.5
7:00	Private consumption - Jun	% y/y	--	--	-24.8
7:00	Private consumption* - Jun	% m/m	--	--	-1.7
15:30	Survey of expectations (Citibanamex)				
<b>Japan</b>					
19:50	Gross domestic product* - 2Q20 (F)	% q/q	--	-8.1	-7.8

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

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Document for distribution among public



September 7, 2020

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## A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	3,417.25	0.0%
Euro Stoxx 50	3,298.33	1.2%
Nikkei 225	23,089.95	-0.5%
Shanghai Composite	3,292.59	-1.9%
<b>Currencies</b>		
USD/MXN	21.62	0.3%
EUR/USD	1.18	-0.1%
DX	93.03	0.3%
<b>Commodities</b>		
WTI	39.21	-1.4%
Brent	42.05	-1.4%
Gold	1,928.60	-0.3%
Copper	303.80	-0.3%
<b>Sovereign bonds</b>		
10-year Treasury	0.72	0pb

Source: Bloomberg

## Equities

- Mixed start of the week for global stock exchanges, though negatively biased, in a session with muted volumen due to the US being closed on Labor Day holiday, as markets seem to stabilize following last week's two-day sell-off
- In this context, the Stoxx is up 1.2% resembling its lower exposition towards the technology sector, yet outstanding FTSE's (+1.8%) and DAX' (+1.4%) gains on the back of attractive valuation and the depreciation of the cable, respectively. On the other hand, in Asia, the trading session ended red. The Nikkei slided 0.5%, while the Shanghai Composite dropped 1.9% impacted by the negative print on its trade balance
- In Mexico, Alpek announced that M&G Mexico's restructure has been approved. And finally, last Friday, Mexbol's bi-anual resampling was released by the MSE and S&P DJI. In line with our expectations, BSMX & R would leave the index, while GCC and SITES should rejoin

## Sovereign fixed income, currencies and commodities

- Negative movements in sovereign bonds with an adjustment of +1bp in European securities, while Asia printed a 1bp sell-off. US market closed today due to Labor Day, which could affect the session's liquidity. In Mexico, the Mbonos' curve closed last week with a 5bps rally, on average
- USD trades with gains (BBDXY +0.3%) amid a negative performance in G10 currencies with losses for up to 1.0%. In EM, bias is mixed with RUB and ZAR as the weakest (-1.0%), while MXN trades at 21.62 per dollar (-0.3%) after a 0.9% weekly appreciation
- Crude-oil trades at its lowest level since July (WTI -1.6% and Brent -1.5%) as Saudi Arabia made a deep price cut coupled to lower optimism in demand recovery. In metals, gold adjusts -0.3% to 1,928 \$/oz t, while industrials print a positive balance

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	28,133.31	-0.6%
S&P 500	3,426.96	-0.8%
Nasdaq	11,313.13	-1.3%
IPC	36,448.50	0.1%
Ibovespa	101,241.70	0.5%
Euro Stoxx 50	3,260.59	-1.3%
FTSE 100	5,799.08	-0.9%
CAC 40	4,965.07	-0.9%
DAX	12,842.66	-1.6%
Nikkei 225	23,205.43	-1.1%
Hang Seng	24,695.45	-1.2%
Shanghai Composite	3,355.37	-0.9%
<b>Sovereign bonds</b>		
2-year Treasuries	0.14	2pb
10-year Treasuries	0.72	8pb
28-day Cetes	4.44	-1pb
28-day TIE	4.76	0pb
2-year Mbono	4.61	0pb
10-year Mbono	6.02	0pb
<b>Currencies</b>		
USD/MXN	21.55	-0.5%
EUR/USD	1.18	-0.1%
GBP/USD	1.33	0.0%
DX	92.72	0.0%
<b>Commodities</b>		
WTI	39.77	-3.9%
Brent	42.66	-3.2%
Mexican mix	38.45	-3.0%
Gold	1,933.94	0.2%
Copper	306.20	2.9%

Source: Bloomberg

## Corporate Debt

- For this week the auction of up to MXN 6.5 billion is expected in the long-term bond market with unsecured notes from Grupo Traxion, Médica Sur and Financiera Bepensa
- Notice of early total amortization for Genomma Lab Internacional's unsecured note LAB 18 on September 14th
- Grupo Famsa informed that was notified from a lawsuit filed by Banco Multiva in connection with the credit lines subscribed with said institution
- S&P confirmed the credit ratings for 123 Leasing's ABS, 123LCB 19, at 'mxAA(sf)' and removed the Negative CreditWatch due to an improvement in the securitized asset's collection levels

## 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, Juan Barbier Arizmendi and Eridani Ruibal Ortega, 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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	Reference
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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