

# Financial Markets Daily

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

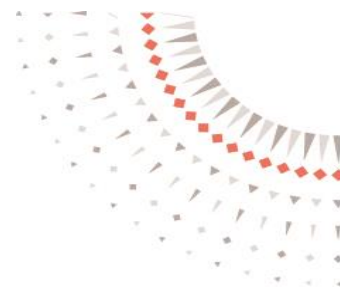
- **Stock markets mixed.** Positive in Asia due to optimism over the economic recovery and prospects over a vaccine. However, in Europe and futures in the US trend down on an extension in the adjustment lower of tech stocks and renewed tensions between the US and China
- **President Trump resumed his attacks on China, promising that he will end the US dependency on the Asian nation.** He also mentioned that he will punish businesses that create jobs overseas. We believe this increase in protectionist rhetoric is consistent with the elections approaching. There is also speculation that he could announce a ban on goods containing cotton from the Xinjiang Province
- **In other news, the US Congress restarts its sessions today.** Nevertheless, reports suggest that there is still not an agreement between Republicans and Democrats over the next round of fiscal stimulus
- **In Europe, signals of a second wave of contagion are materializing, with a new peak in cases in France and a rise in Germany and the UK.** Cases are being concentrated in young people, helping maintain deaths relatively low
- **In economic data, in the Eurozone the final revision for 2Q20 GDP was released.** This came in slightly above the preliminary print at -11.8% q/q (-14.7% a/a). In Germany, July's trade balance posted a larger-than-expected surplus at EUR19.2 billion
- **In Mexico, attention will center on the presentation of the 2021 Budget Proposal before Congress.** According to the schedule by the Ministry of Finance, it will be formally presented at 6:00pm (ET)

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
2:00	GER Trade balance - Jul	EURbn	--	16.0	15.6
5:00	EZ Gross domestic product - 2Q20 (F)	% y/y	--	-15.0	-15.0
5:00	EZ Gross domestic product* - 2Q20 (F)	% q/q	--	-12.1	-12.1
<b>Mexico</b>					
10:00	International reserves - Sep 4	US\$bn	--	--	193.3
12:30	Gover. weekly auction: 1-, 3-, 6- 12-month CETES; 30y Mbono; 30y Udibono; and 5y Bondes D				
	Deadline for the presentation of the 2021 Budget before Congress				
<b>United States</b>					
15:00	Consumer credit* - Jul	US\$bn	--	12.9	8.9
<b>China</b>					
21:30	Consumer prices - Aug	% y/y	--	2.4	2.7

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.
<b>Equity indices</b>		
S&P 500 Futures	3,373.75	-1.3%
Euro Stoxx 50	3,253.02	-1.8%
Nikkei 225	23,274.13	0.8%
Shanghai Composite	3,316.42	0.7%
<b>Currencies</b>		
USD/MXN	21.84	1.1%
EUR/USD	1.18	-0.1%
DX	93.30	0.6%
<b>Commodities</b>		
WTI	37.59	-5.5%
Brent	40.52	-3.5%
Gold	1,919.07	-0.8%
Copper	303.35	-0.9%
<b>Sovereign bonds</b>		
10-year Treasury	0.67	-5pb

Source: Bloomberg

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## Equities

- Mixed movements in equity markets. In Asia there was some optimism on global economic recovery and favorable news regarding a vaccine for COVID-19. However, investor sentiment is affected by concerns about whether the valuations of companies in the technology sector are too high, which is clearly reflected in the fall of the shares in the sector, led by Tesla after not entering the S&P 500 index, as well as geopolitical tensions between China and the US
- In Asia, the markets closed in positive territory. In Europe stocks drop, the Euro Stoxx decreases 1.8%. In turn, in the US futures of main indices point to a to a lower open by falling 1.3% on average
- In Mexico, CEMEX announced that its subsidiary Cemex España has launched a public offering to acquire all the common and outstanding shares of Cemex Latam. The amount of the offer is around US\$130 million, being 4.6% of CEMEX's cash as of 2Q20, so we see a neutral implication for the stock

## Sovereign fixed income, currencies and commodities

- Positive performance in global rates registering gains of ~2bps in Asia/Pacific and Europe, while in the US the stronger risk aversion benefits US Treasuries' performance which rally 2-4bps with stronger incidence in long-term tenors. Yesterday the Mbonos curve gained 1bp at the extremes
- The USD advances for the second session and strengthens against all developed currencies where NOK leads the losses (-1.2%), while in EM FX bias is also negative with ZAR falling 1.3%. USD/MXN depreciates 1.1% to 21.84 per dollar loosing yesterday 0.3%
- Widespread pressures in commodities with a sharp adjustment in crude-oil prices amid the uncertainty on demand recovery. Pressures today in WTI join losses in the last 3 sessions breaching 40 US\$/bbl. In metals pressures stand at a magnitude of ~1%

## Corporate Debt

- Fitch Ratings placed under Negative Watch the 'A(mex)' and 'F1(mex)' long- and short-term ratings for CIBanco, CI Casa de Bolsa and Finanmadrid México. According to the agency, the Negative Watch reflects the uncertainty about the magnitude of the adverse impact on the operations and the credit profile of CI Banco that could result from the cyber attack carried out in early August 2020 and by which the bank continues to operate in an alternative way without direct connection to the payment system of Banxico, which accentuates the business risks in a highly transactional model
- PCR Verum downgraded to 'BBB-/M' from 'BBB/M' the long-term rating for ABC Capital; also, the agency ratified the short-term rating at '3/M' and changed the Outlook to Stable, withdrawing the Observation status

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	28,133.31	0.0%
S&P 500	3,426.96	0.0%
Nasdaq	11,313.13	0.0%
IPC	36,637.45	0.5%
Ibovespa	101,241.70	0.0%
Euro Stoxx 50	3,314.07	1.6%
FTSE 100	5,937.40	2.4%
CAC 40	5,053.72	1.8%
DAX	13,100.28	2.0%
Nikkei 225	23,089.95	-0.5%
Hang Seng	24,589.65	-0.4%
Shanghai Composite	3,292.59	-1.9%
<b>Sovereign bonds</b>		
2-year Treasuries	0.14	0pb
10-year Treasuries	0.72	0pb
28-day Cetes	4.46	3pb
28-day TIE	4.76	0pb
2-year Mbono	4.60	0pb
10-year Mbono	6.02	-1pb
<b>Currencies</b>		
USD/MXN	21.61	0.2%
EUR/USD	1.18	-0.2%
GBP/USD	1.32	-0.9%
DXY	92.72	0.0%
<b>Commodities</b>		
WTI	39.77	0.0%
Brent	42.01	-1.5%
Mexican mix	38.45	0.0%
Gold	1,933.64	0.0%
Copper	306.20	0.0%

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, 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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