

# Financial Markets Daily

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

- Stock markets down, with the US dollar rising and government bond yields lower amid renewed concerns about COVID-19, as a second person tested with AstraZeneca's vaccine observed neurological problems, while also because the number of countries implementing confinement measures is increasing again
- This week, market attention remains in the development of treatments and vaccines for COVID-19, with some countries imposing restrictions again as new cases pick up. Central bank activity around the world will stay high, with investors also watching fiscal discussions in the US
- Specifically, we expect a 25bps cut by Banxico on Thursday, to 4.25%. Jerome Powell and Steven Mnuchin will speak on the House and Senate. Fed speakers include Brainard, Evans, Mester, Rosengren, Quarles, Daly, Bullard and Williams
- Monetary policy decisions also in Sweden, New Zealand, Switzerland, Thailand, Turkey and Colombia, along minutes and Inflation Report in Brazil, among the most relevant
- In economic data, PMI indicators in the Eurozone, UK and US. Germany will publish the IFO index, Europe's consumer confidence and housing sales, jobless claims and durable goods orders in the US
- In Mexico, the aggregate demand and supply report for 2Q20 was published, at -21.6% y/y, below expectations. Moreover, we estimate inflation in the 1H-Sept at 0.11% 2w/2w (Thursday). We also anticipate July's IGAE at -9.7% y/y (Friday), extending its sequential recovery with a 5.7% m/m advance. July's retail sales will also be released (Wednesday)

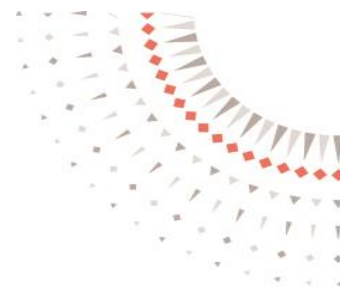
## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Mexico</b>					
7:00	Aggregate supply and demand - 2Q20	% y/y	-19.0	--	-1.9
11:30	USD financing auction (USD 2.5 billion)				
<b>United States</b>					
10:00	Fed Board Holds Open Meeting on Community Reinvestment Act				
12:00	Fed's Brainard Discusses Community Reinvestment Act				

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



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## A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	3,262.75	-1.6%
Euro Stoxx 50	3,182.47	-3.1%
Nikkei 225	23,360.30	0.0%
Shanghai Composite	3,316.94	-0.6%
<b>Currencies</b>		
USD/MXN	21.49	1.7%
EUR/USD	1.18	-0.4%
DX	93.29	0.4%
<b>Commodities</b>		
WTI	40.28	-2.0%
Brent	42.42	-1.7%
Gold	1,931.15	-1.0%
Copper	309.85	-0.5%
<b>Sovereign bonds</b>		
10-year Treasury	0.66	-3pb

Source: Bloomberg

## Equities

- Negative start of the week for global stock markets, as risk appetite among investors was impacted by news citing some European banks kept doing business with customers suspect of money laundering and other wrongdoings, coupled with concerns about tighter restrictions due to COVID-19
- In this context, US futures are set for extending three weeks of losses. That said, S&P500 futures trade 1.6% below their fair value. Meanwhile, in Europe, the Stoxx drops 3.1%, the most since July, with the financial, airlines & travel sectors outpacing said benchmark's fall
- In Asia, the session also ended red. The Shanghai Composite retreated 0.6%, while a 2.1% drop was witnessed in the Hang Seng as the main highlight. The Japanese equity market is closed on the back of the respect-for-the-aged day holiday

## Sovereign fixed income, currencies and commodities

- Gains in sovereign bonds with an adjustment of -2bps in European securities, while US Treasuries register gains of up to 5bps in the long-end of the yield curve. In Mexico, the Mbonos' curve registered last week a 5bps rally, on average, with the 10-year benchmark ending at 5.67% (-4bps)
- USD trades higher (BBDXY +2.5%) amid a negative performance in G10 currencies except for JPY. In EM, the bias is also negative with ZAR as the weakest (-2.1%), while MXN trades at 21.49 per dollar (-1.7%), after a 0.7% weekly appreciation
- Crude-oil registers losses of 2.0% due to the possible return of Libyan production and lower optimism in demand recovery. In metals, gold trades below the 50-day moving average at 1,931 \$/oz t (-1.0%), while copper trades at fresh highs not seen since June 2018

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	27,657.42	-0.9%
S&P 500	3,319.47	-1.1%
Nasdaq	10,793.28	-1.1%
IPC	36,017.35	-0.3%
Ibovespa	98,289.70	-1.8%
Euro Stoxx 50	3,283.69	-1.0%
FTSE 100	6,007.05	-0.7%
CAC 40	4,978.18	-1.2%
DAX	13,116.25	-0.7%
Nikkei 225	23,360.30	0.2%
Hang Seng	24,455.41	0.5%
Shanghai Composite	3,338.09	2.1%
<b>Sovereign bonds</b>		
2-year Treasuries	0.14	0pb
10-year Treasuries	0.69	1pb
28-day Cetes	4.38	-2pb
28-day TIE	4.74	0pb
2-year Mbono	4.55	1pb
10-year Mbono	5.91	3pb
<b>Currencies</b>		
USD/MXN	21.13	1.3%
EUR/USD	1.18	-0.1%
GBP/USD	1.29	-0.4%
DXY	92.93	0.0%
<b>Commodities</b>		
WTI	41.11	0.3%
Brent	43.15	-0.3%
Mexican mix	38.97	0.5%
Gold	1,950.86	0.3%
Copper	311.60	1.5%

Source: Bloomberg

## Corporate Debt

- Orbia Advance Corporation reported that it established a Commercial Paper Program for the amount of £300 million and made such resources available. The notes have a maturity date of May 18, 2021, with the annual cost of the line equivalent in USD is 0.74%
- CEMEX issued a total redemption notice in respect of its 4.625% Senior Secured Notes due 2024 for €185 million and its 6.125% Senior Secured Notes due 2025 for US\$750 million
- HR Ratings affirmed the ratings for Proyectos Adamantine at 'HR BBB' and modified the outlook to Positive from Stable. The Positive outlook is based on the stability in the income generation of its different business lines

## 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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