

Financial Markets Daily

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Main drivers for the financial markets today...

- **Positive stock markets, government bond yields up and USD down as anxiety eases after Nancy Pelosi's departure from Taiwan, though still digesting *hawkish* comments from Federal Reserve members about persistent inflation and long way to price stability**
- **In her controversial trip to Taiwan, Nancy Pelosi highlighted US support for the island. Beijing reacted to the visit with sanctions, which indicates that the crisis in the relationship between China and the US could exacerbate even more. However, the response of the Asian country was not as strong as feared**
- **Regarding economic figures, the agenda in the US includes final PMI indicators for June, ISM non-manufacturing, factory and durable goods orders, as well as several interventions by Fed members such as Bullard, Harker, Daly, Barkin and Kashkari**
- **In the Eurozone, retail sales fell by 1.2% m/m in June, a much weaker result than anticipated by the consensus, with which the annual variation stood at -1.7%, in a context where the region faces a complicated scenario of strong price pressures and economic slowdown**
- **On the monetary policy front, later the Copom will announce its decision. We estimate a 50bp hike in the Selic and signs that the rate hike cycle may not be over, amid rising expectations of inflation in 2023 and inflation still very high**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
9:45	Services PMI* - Jul (F)	index	--	47.0	47.0
9:45	Composite PMI* - Jul (F)	index	--	--	47.5
10:00	ISM services* - Jul	index	54.5	53.7	55.3
10:00	Factory orders* - Jun	% m/m	--	1.0	1.6
10:00	Ex transportation* - Jun	% m/m	--	--	1.7
10:00	Durable goods orders* - Jul (F)	% m/m	--	1.9	1.9
10:00	Ex transportation* - Jul (F)	% m/m	--	0.3	0.3
<i>Brazil</i>					
17:30	Monetary policy decision (Central bank of Brazil)	%	13.75	13.75	13.25

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.
<i>Equity indices</i>		
S&P 500 Futures	4,110.50	0.4%
Euro Stoxx 50	3,704.57	0.5%
Nikkei 225	27,741.90	0.5%
Shanghai Composite	3,163.67	-0.7%
<i>Currencies</i>		
USD/MXN	20.65	-0.8%
EUR/USD	1.02	0.3%
DXY	106.03	-0.2%
<i>Commodities</i>		
WTI	95.08	0.7%
Brent	100.02	-0.5%
Gold	1,765.35	0.3%
Copper	350.80	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	2.78	3pb

Source: Bloomberg

Equities

- **Stock markets with positive bias, where investors weigh political tensions between the US and China, while continuing to assess corporate results given higher inflation and a tighter monetary outlook**
- **Futures in the US anticipate a slightly positive opening with the average of the major indices trading 0.3% above their theoretical value. Meanwhile, Europe operates with gains, the Eurostoxx advances 0.4%, driven by the financial and health sectors. In turn, Asia closed mixed, highlighting the Shanghai decline of 0.7% and the increase of the Nikkei 's by 0.5%**
- **On the corporate front, of 38 S&P500 companies that release results today, 14 have already published their figures, most of them better than expected, with CVS Health increasing its full year adjusted earnings per share guidance. In Mexico, the Mexbol Index could be trading between 46,600 and 47,300pts**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds extending yesterday's losses. European assets adjusted up to +7bps while the Treasury curve losses 3bps on average. Yesterday, the Mbonos' curve recorded pressures of 10bps on average and the 10-year benchmark closed at 8.56% (+14bps)**
- **The dollar trades with a slight weakness (DXY -0.2%) while developed and emerging currencies trade with mixed changes. In the first group, NOK (+0.8%) and NZD (-0.2%) are at the ends of the spectrum. In emerging markets, HUF (+1.2%) leads the gains and INR (-0.6%) is the weakest. The Mexican peso appreciates 0.7% to 20.66 per dollar, reversing part of yesterday's losses**
- **Crude oil prices fall 0.9% on the back of higher inventories in the US and awaiting the OPEC+ decision on production quotas. In metals, the positive bias prevails, except for copper and nickel**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,396.17	-1.2%
S&P 500	4,091.19	-0.7%
Nasdaq	12,348.76	-0.2%
IPC	46,902.69	-1.0%
Ibovespa	103,361.70	1.1%
Euro Stoxx 50	3,684.63	-0.6%
FTSE 100	7,409.11	-0.1%
CAC 40	6,409.80	-0.4%
DAX	13,449.20	-0.2%
Nikkei 225	27,594.73	-1.4%
Hang Seng	19,689.21	-2.4%
Shanghai Composite	3,186.27	-2.3%
<i>Sovereign bonds</i>		
2-year Treasuries	3.05	18pb
10-year Treasuries	2.75	18pb
28-day Cetes	8.01	-29pb
28-day TIIE	8.11	1pb
2-year Mbono	9.14	5pb
10-year Mbono	8.58	10pb
<i>Currencies</i>		
USD/MXN	20.82	2.2%
EUR/USD	1.02	-0.9%
GBP/USD	1.22	-0.7%
DXY	106.24	0.8%
<i>Commodities</i>		
WTI	94.42	0.6%
Brent	100.54	0.5%
Mexican mix	89.97	0.0%
Gold	1,760.39	-0.7%
Copper	351.85	-0.7%

Source: Bloomberg

Corporate Debt

- **Grupo Axo informed that it completed the acquisition of certain assets owned by ON Stores México, a The Gap Inc. subsidiary, and also documented the signing of various contracts granting an Axo subsidiary the rights to operate, manage and distribute the Old Navy brand in Mexico**
- **HR Ratings assigned the rating of 'HR AAA' to the social bonds proposed by Nacional Financiera, NAFR 22S / 22-2S and NAFF 22S. According to the agency, Nacional Financiera's rating is based on the explicit support it receives from the Federal Government for the fulfillment of its obligations**
- **PCR Verum assigned a rating of 'AA/M (e)' to the proposed issuance of LC Liquidez Corporativa and EFIM, LC&EFCB 22 (ABS)**

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Oscar Rodolfo Olivos Ortiz, Daniel Sebastián Sosa Aguilar and Salvador Austria Valencia 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
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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