

Financial Markets Daily

August 5, 2022

Main drivers for the financial markets today...

- **Stock markets with negative bias, government bond yields mixed and USD higher. Investors cautious ahead of the US labor market report while assimilating corporate reports and increased geopolitical tensions**
- **Specifically, we anticipate a creation of 270 thousand jobs in the July employment report, with the unemployment rate rising to 3.7%, which we believe still gives the Fed room to continue its rapid tightening cycle**
- **Tensions between China and the US keep escalating. This Friday, China announced it will stop cooperation with the US on different issues, such as the climate, the fight against drugs and a work meeting on defense and maritime security**
- **Global sales of semiconductors have slowed down in the last six months, which can be interpreted as a sign of global economic slowdown**
- **In the US, Democrats managed to rally support from their 50 senators to move forward their tax and climate change spending package. After this, the plan is expected to be voted on tomorrow in the floor**
- **In other economic data, in Mexico, May's GFI fell by 1.2% m/m, with declines in both construction and machinery and equipment. Consumption for the same month declined 0.4%, impacted by domestic goods**

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Winners of the award for best economic
forecasters for Mexico in 2021, granted by
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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
2:00	Industrial production* - Jun	% m/m	--	-0.2	0.2
<i>Mexico</i>					
7:00	Gross fixed investment - May	% y/y	8.1	6.0	7.0
7:00	Gross fixed investment* - May	% m/m	-0.1	--	1.9
7:00	Private consumption - May	% y/y	--	--	7.6
7:00	Private consumption* - May	% m/m	--	--	0.8
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
8:30	Nonfarm payrolls* - Jul	thousands	270	250	372
8:30	Unemployment rate* - Jul	%	3.7	3.6	3.6
15:00	Consumer credit* - Jun	US\$bn	--	27.0	22.3

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	4,147.50	-0.1%
Euro Stoxx 50	3,743.86	-0.3%
Nikkei 225	28,175.87	0.9%
Shanghai Composite	3,227.03	1.2%
<i>Currencies</i>		
USD/MXN	20.37	0.1%
EUR/USD	1.02	-0.1%
DXY	105.92	0.2%
<i>Commodities</i>		
WTI	88.04	-0.6%
Brent	93.68	-0.5%
Gold	1,785.23	-0.3%
Copper	350.05	0.5%
<i>Sovereign bonds</i>		
10-year Treasury	2.70	1pb

Source: Bloomberg

Equities

- **Negative bias in stock markets, while US futures show no clear trend, with the S&P500 marginally lower, awaiting non-farm payroll figures to be released and as corporate reporting season continues to progress.**
- **In Europe we see widespread declines, with the Eurostoxx down 0.3%, and the energy and media sectors leading the declines. In Asia, on the other hand, we observed positive closures, outstanding the advances in the stock markets of China and Japan, driven by technology stocks**
- **We are already entering the final stretch of the earnings season in the US. We have ~86% of the results of companies in the S&P500 and a of 9.2% vs 4.1%e rise in profits has been achieved. The positive surprises rate stands at 74.4%. Today the figures of 5 companies of lesser relevance are expected. In Mexico, airport groups published July traffic, showing solid progress, but this time highlighting Gap figures**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European rates lose up to 4bps while the Treasuries yield curve loses 1bp on average. Yesterday, the Mbonos curve closed with a slight steepening, as a result of 1bp gains in the short- and mid-end and losses of up to 6bps in long-term securities. The 10-year benchmark closed unchanged at 8.44%**
- **The dollar strengthens (DXY +0.5%) as developed currencies lose ground and emerging currencies trade with mixed changes. In the first group, AUD (-0.4%) is the weakest while in the second, RUB (+1.5%) and TRY (-0.3%) are at the ends. The Mexican peso depreciates 0.2% to 20.38 per dollar**
- **Crude-oil fall 0.5%, on average, on fears of a global recession and pending further data. In metals, gold and silver fall while industrials trade with a positive bias**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,726.82	-0.3%
S&P 500	4,151.94	-0.1%
Nasdaq	12,720.58	0.4%
IPC	46,916.17	-0.2%
Ibovespa	105,892.22	2.0%
Euro Stoxx 50	3,754.60	0.6%
FTSE 100	7,448.06	0.0%
CAC 40	6,513.39	0.6%
DAX	13,662.68	0.6%
Nikkei 225	27,932.20	0.7%
Hang Seng	20,174.04	2.1%
Shanghai Composite	3,189.04	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	3.04	-2pb
10-year Treasuries	2.69	-2pb
28-day Cetes	8.11	8pb
28-day TIIE	8.12	1pb
2-year Mbono	9.08	-4pb
10-year Mbono	8.44	-4pb
<i>Currencies</i>		
USD/MXN	20.35	-0.6%
EUR/USD	1.02	0.8%
GBP/USD	1.22	0.1%
DXY	105.69	-0.8%
<i>Commodities</i>		
WTI	88.54	-2.3%
Brent	94.12	-2.7%
Mexican mix	84.20	-2.8%
Gold	1,791.28	1.5%
Copper	348.15	0.4%

Source: Bloomberg

Corporate Debt

- **Grupo Famsa informed that the Second District Judge in Civil and Labor Matters in the State of Nuevo León published the sentence that approves the Insolvency Agreement presented by its subsidiary Famsa México. This favorable resolution terminates the bankruptcy state of the subsidiary Famsa México**
- **Fitch Ratings upgraded the national scale rating of Grupo Lamosa and its LAMOSA 19 issue to 'AA(mex)' from 'AA-(mex)' and changed the outlook to Stable from Positive. According to the agency, the rating upgrade reflects Lamosa's continued strong operating performance that has translated into a solid financial position and the expectation that it will continue going forward. Additionally, the agency considers that the acquisitions made in the last twelve months strengthen its business profile and expand its scale and geographic diversification**

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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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