

Financial Markets Daily

August 10, 2022

Main drivers for the financial markets today...

- **Stock markets slightly positive, government bond yields mixed and the USD lower, this in an environment of caution with investors awaiting inflation in the US, looking for signals over upcoming hikes. Meanwhile, China finished its military exercises around Taiwan**
- **Attention in US inflation for July, expecting a moderation in the pace of advances of 0.2% m/m (8.8% y/y). The report will be especially relevant ahead of upcoming Fed decisions. Yesterday, Bullard (St. Louis) mentioned that the Fed should be prepared to maintain rates "higher for longer". Today we expect comments from Evans (Chicago) and Kashkari (Minneapolis)**
- **Supply issues could worsen in Germany, this given low levels in rivers which are hindering transport of goods through relevant routes, mainly the Rhine. Commodities at risk include coal, diesel, and grains**
- **Today, the purchase ban of Russian coal purchases from Russia begins, part of previously announced sanctions. Meanwhile, it is expected that crude oil flows through a pipeline in Central Europe resume from said country**
- **In the Eurozone, final inflation for July was released in line with the preliminary print at 0.8% m/m and 8.5% y/y- In China, this figure accelerated to 2.7% y/y, highest in two years. In addition we will have retail sales in Brazil (July). In Mexico we await ANTAD sales and wage negotiations for the same month**

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Winners of the award for best economic
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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Retail sales - Jun	% y/y	--	1.0	-0.2
8:00	Retail sales* - Jun	% m/m	--	-0.9	0.1
United States					
8:30	Consumer prices* - Jul	% m/m	0.2	0.2	1.3
8:30	Ex. food & energy* - Jul	% m/m	0.5	0.5	0.7
8:30	Consumer prices - Jul	% y/y	8.8	8.8	9.1
8:30	Ex. food & energy - Jul	% y/y	6.1	6.1	5.9
11:00	Fed's Evans Discusses the Economy and Monetary Policy				
14:00	Fed's Kashkari Discusses Inflation				
Mexico					
	ANTAD same-store sales - Jul	% y/y	--	--	7.9
	Wage negotiations - Jul	% y/y	--	--	6.7

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.
<i>Equity indices</i>		
S&P 500 Futures	4,136.00	0.3%
Euro Stoxx 50	3,713.67	0.0%
Nikkei 225	27,819.33	-0.6%
Shanghai Composite	3,230.02	-0.5%
<i>Currencies</i>		
USD/MXN	20.21	-0.1%
EUR/USD	1.03	0.4%
DXY	105.92	-0.4%
<i>Commodities</i>		
WTI	88.93	-1.7%
Brent	94.69	-1.7%
Gold	1,792.14	-0.1%
Copper	360.05	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	2.80	2pb

Source: Bloomberg

Equities

- **Mixed stock markets, where modest gains in some markets reflect cautiousness given the inflation data expectation in the US, while investors continue to evaluate corporate results and certain pressures on profitability ahead of the final stretch of the earnings season**
- **Futures in the US anticipate a slightly positive opening with the S&P500 trading 0.3% above its theoretical value. However, Europe trades mixed, the Eurostoxx remains unchanged, recording the most significant falls in the health sector. In turn, Asia closed with losses, highlighting the decline of the Hang Seng of 2.0%**
- **On the corporate front, today the figures of 2 companies of the S&P500 are expected, where Walt Disney Co stands out at market close. Furthermore, Tesla rises on pre-market after reporting the sale of 7.92 million shares in case of requiring liquidity for Twitter's purchase. In Mexico, the Mexbol Index could continue to hover around the 47,000pts**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. European rates adjust -2bps, on average, while US Treasuries trade with losses of 3bps at the long-end. Yesterday, Mbonos curve recorded a 14bps sell-off, on average, with the 10-year reference closing at 8.53% (+16bps)**
- **The dollar falls amid widespread gains in G10 currencies with CHF (+0.5%) leading the group. In EM, the bias is mixed with RUB (+0.6%) as the strongest and THB (-0.6%) in the opposite side. Meanwhile, MXN trades at 20.21 per dollar (+0.1%), scoring three positive session in a row**
- **Crude-oil weakens, trading at levels before the war in Ukraine, on optimism about the resume of flows through Druzhba pipeline from Russia to Europe. In metals, the balance is negative with aluminum and gold adjusting -0.8% and -0.2%, respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,774.41	-0.2%
S&P 500	4,122.47	-0.4%
Nasdaq	12,493.93	-1.2%
IPC	47,241.81	-0.2%
Ibovespa	108,651.05	0.2%
Euro Stoxx 50	3,715.37	-1.1%
FTSE 100	7,488.15	0.1%
CAC 40	6,490.00	-0.5%
DAX	13,534.97	-1.1%
Nikkei 225	27,999.96	-0.9%
Hang Seng	20,003.44	-0.2%
Shanghai Composite	3,247.43	0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	3.27	6pb
10-year Treasuries	2.78	2pb
28-day Cetes	8.30	-2pb
28-day TIE	8.13	1pb
2-year Mbono	9.14	10pb
10-year Mbono	8.52	14pb
<i>Currencies</i>		
USD/MXN	20.23	-0.1%
EUR/USD	1.02	0.2%
GBP/USD	1.21	0.0%
DXY	106.37	-0.1%
<i>Commodities</i>		
WTI	90.50	-0.3%
Brent	96.31	-0.4%
Mexican mix	86.11	0.0%
Gold	1,794.29	0.3%
Copper	358.55	0.0%

Source: Bloomberg

Corporate Debt

- **Crédito Real informed that it has successfully negotiated the liquidation of liabilities with several of its creditors which are part of the financial sector. These efforts will continue with those that have not yet been paid**
- **S&P Global Ratings affirmed Concesionaria Mexiquense's (Conmex) 'BBB' global scale and 'mxAAA' national scale ratings and Organización de Proyectos de Infraestructura's (OPI) 'mxA' national scale rating. The agency expects traffic levels on the Circuito Exterior Mexiquense to gradually return to pre-pandemic levels in 2023, due to the implementation of an anti-toll-evasion system and the asset's strategic location**

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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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