

# Financial Markets Daily

August 12, 2022

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

- **Stock markets and USD positive while the government bond yields are mixed, with the investors assessing whether signs of moderating inflation are sufficient for central banks, particularly the Fed, to shift to less aggressive interest rate hikes**
- **In the US, Joe Biden announced that he is preparing his reelection and will launch his candidacy after the November midterm elections. With this, the next election is expected to be him vs. Donald Trump**
- **In Europe, concerns about the winter energy crisis and the implications that this will have on production remain. This would be the fourth week with increases in natural gas prices within the region. In this sense, in France the electricity futures prices reached new highs this Thursday**
- **On the monetary policy front, yesterday, Mary Daly (San Francisco) mentioned that her base scenario is for a 50bp hike, although she did not rule out the possibility of another 75bp increase. In this context, we will be looking into Barkin's (Richmond) comments today**
- **On economic data, the 2Q22 GDP in the UK fell 0.1% q/q, impacted by lower household spending and measures against the virus. Meanwhile, industrial production in the Eurozone surprised to the upside by increasing 0.7% m/m. In the US, attention will be on the University of Michigan survey, particularly on inflation expectations**
- **In virus news, China has registered new contagions in Shanghai, which could result in new lockdowns. Meanwhile, contagions in Hainan continue to accelerate, reaching more than 1,000 per day**

Alejandro Padilla  
Chief Economist and  
Head of Research  
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA  
Executive Director of Economic Research  
and Financial Markets Strategy  
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas  
Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar  
Director of Market Strategy  
manuel.jimenez@banorte.com

Winners of the award for best economic  
forecasters for Mexico in 2021, granted by  
Refinitiv



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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
2:00	UK Gross domestic product - 2Q22 (P)	% y/y	--	2.8	8.7
2:00	UK Gross domestic product* - 2Q22 (P)	% q/q	--	-0.2	0.8
2:00	UK Industrial production* - Jun	% m/m	--	-1.4	0.9
5:00	EZ Industrial production* - Jun	% m/m	--	0.1	0.8
<i>United States</i>					
10:00	U. of Michigan confidence* - Aug (P)	index	50.0	52.4	51.5

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	4,222.25	0.3%
Euro Stoxx 50	3,765.44	0.2%
Nikkei 225	28,546.98	2.6%
Shanghai Composite	3,276.89	-0.1%
<i>Currencies</i>		
USD/MXN	19.94	0.0%
EUR/USD	1.03	-0.3%
DXY	105.49	0.4%
<i>Commodities</i>		
WTI	93.49	-0.9%
Brent	99.04	-0.6%
Gold	1,787.28	-0.1%
Copper	366.10	-1.2%
<i>Sovereign bonds</i>		
10-year Treasury	2.87	-2pb

Source: Bloomberg

## Equities

- **Positive movements in equity markets as investors show some optimism and weigh the effect that signs of cooling inflation would have on the magnitude of interest rate hikes by central bankers**
- **In Asia most markets closed positive. In Europe stocks advance, the Euro Stoxx adds 0.2%. Shares from health care and financial sectors lead gains, while those from technology and communications services superhead losses. In turn, in the US the futures of main indices point to a positive open by rising 0.3% on average**
- **In the final stretch of the earnings season, ~91% of S&P500 companies have released their results with profits growth of 8.7% (vs. 4.1%e) and with a positive surprises rate of 74.9%**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets traded with losses of up to 5bps while the Treasuries yield curve posted gains of 1bp on average. Yesterday, the Mbonos' curve closed with losses of 3bps on average, mainly concentrated in the belly, while the 10-year benchmark ended the session at 8.50% (+3bps)**
- **The dollar strengthens (DXY +0.4%) while G-10 currencies trade with losses and emerging currencies with mixed changes. In the first group, SEK (-0.9%) is the weakest, while in the second, IDR (+0.7%) and PHP (-0.6%) are at the ends of the spectrum. The Mexican peso trades at 19.93 per dollar, appreciating 0.1%, extending yesterday's gains**
- **Crude oil futures fall 1.3% as fears of a global recession persist due to the hawkish tone of the Fed speakers. In metals, negative bias prevails, with aluminum and nickel falling 1.3% and 1.5%, respectively**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,336.67	0.1%
S&P 500	4,207.27	-0.1%
Nasdaq	12,779.91	-0.6%
IPC	48,460.55	1.4%
Ibovespa	109,717.94	-0.5%
Euro Stoxx 50	3,757.05	0.2%
FTSE 100	7,465.91	-0.5%
CAC 40	6,544.67	0.3%
DAX	13,694.51	0.0%
Nikkei 225	27,819.33	0.0%
Hang Seng	20,082.43	2.4%
Shanghai Composite	3,281.67	1.6%
<i>Sovereign bonds</i>		
2-year Treasuries	3.22	0pb
10-year Treasuries	2.89	11pb
28-day Cetes	8.46	11pb
28-day TIIE	8.18	2pb
2-year Mbono	9.09	4pb
10-year Mbono	8.50	0pb
<i>Currencies</i>		
USD/MXN	19.94	-0.4%
EUR/USD	1.03	0.2%
GBP/USD	1.22	-0.1%
DXY	105.09	-0.1%
<i>Commodities</i>		
WTI	94.34	2.6%
Brent	99.60	2.3%
Mexican mix	89.14	2.5%
Gold	1,789.72	-0.1%
Copper	370.65	1.6%

Source: Bloomberg

## Corporate Debt

- **Fitch Ratings informed that the transactions originated by Credito Real, CREALCB 17 and CRELCB 19, remain delinked from the credit risk of the issuer. Fitch Ratings says the transactions have structural mechanisms in place to protect them from a deterioration in Credito Real's credit quality**
- **CIBanco (Trustee) informed that the total early call of issuance CEDEVIS 08-6U (Infonavit's ABS) will take place on August 22, 2022, given that the Trust estate reached a level below 10% of the principal amount at issue date. The issuance has an outstanding amount of MXN 366.9 million**

## Certification of Analysts.

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
<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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GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy			
Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000

Economic Research			
Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707

Market Strategy			
Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671

Fixed Income and FX Strategy			
Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144

Equity Strategy			
Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Victor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Analyst	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746
Oscar Rodolfo Olivos Ortiz	Analyst	oscar.olivos@banorte.com	(55) 1103 - 4000

Corporate Debt			
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Quantitative Analysis			
Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Daniela Olea Suarez	Senior Analyst, Quantitative Analysis	daniela.olea.suarez@banorte.com	(55) 1103 - 4000
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Salvador Austria Valencia	Analyst, Quantitative Analysis	salvador.austria.valencia@banorte.com	(55) 1103 - 4000

Wholesale Banking			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebaldos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899