Banorte Research and Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets mixed, although with those in Europe higher, government bond yields mixed, with the USD strengthening, this amid an environment of cautiousness, with investors concerned about the economic deceleration (and risks of a global recession) and awaiting the Fed's minutes tomorrow**

- **Tech companies such as Apple, Meta (Facebook), Microsoft, Tesla and Amazon, among others, have started to cut staff. Specifically, the former cut 100 recruiter positions, this as part of their efforts to redirect spending in a more uncertain environment**

- **On economic data, in Germany, August's ZEW expectations index showed an additional deterioration by falling to -55.3pts, although with current conditions improving an inch to -47.6pts. In the UK, June's unemployment rate remained at 3.8%. In the US, we will be looking into housing market data for July (housing starts and building permits) as well as IP for the same month**

- **In the monetary policy front, state-media in China are asking for additional stimulus measures. We must remember that the PBOC cut its one-year loan rate by 10bps on Sunday, with additional moves expected in coming months**

- **It is expected that five ships carrying 110 thousand tons of wheat and corn leave Ukraine today. Although the export program is still in a trial period, we will be looking into possible moves of these commodities**

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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
Eurozone and UK					
2:00	UK Unemployment rate* - Jun	%	--	3.8	3.8
5:00	GER ZEW Survey (Expectations) - Aug	index	--	-53.8	-53.8
5:00	EZ Trade balance* - Jun	EURbn	--	-22.0	-26.0
United States					
8:30	Housing starts** - Jul	thousands	--	1,530	1,559
8:30	Building permits** - Jul	thousands	--	1,650	1,696
9:15	Industrial production* - Jul	% m/m	0.4	0.3	-0.2
9:15	Manufacturing production* - Jul	% m/m	0.2	0.5	-0.5
Mexico					
10:00	International reserves - Aug 12	US$bn	--	--	199.3
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'27);				
	30-year Udibono (Nov'50) and 1-, 3-, and 7-year Bondes F				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,294.50	-0.1%
Euro Stoxx 50	3,805.72	0.4%
Nikkei 225	28,868.91	0.0%
Shanghai Composite	3,277.89	0.1%
Currencies		
USD/MXN	19.92	0.5%
EUR/USD	1.01	-0.3%
DXY	106.93	0.4%
Commodities		
WTI	90.23	0.9%
Brent	95.56	0.5%
Gold	1,775.53	-0.2%
Copper	362.40	0.2%
Sovereign bonds		
10-year Treasury	2.81	2pb

Source: Bloomberg

Equities

- **Mixed movements in equity markets due to increased fears related to a slower pace of global economic growth. Meanwhile, on the corporate front, out of the 4 S&P500 companies scheduled to report today, 2 have already updated investors with outperforming estimates, including Home Depot and Walmart. Both maintained their outlook for the rest of the year**

- **In Asia the markets closed mixed. In Europe stocks advance, the Euro Stoxx adds 0.4%. Shares from health care, communication services and utilities sectors lead gains, while those from technology show declines. In turn, in the US the futures of main indices point to a slightly negative opening with an average drop of 0.4%**

- **In Mexico, the Mexbol may stand below the 48,600 pts**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. European rates adjust +3bps, on average, while US Treasuries' curve registers losses of up to 6bps at the short-end and modest gains at the long-end. Yesterday, Mbonos curve recorded gains of 2bps, excluding short-term securities**

- **The dollar advances against all G10 currencies with JPY (-0.8%) as the weakest. In EM, the bias is negative with HUF (-2.0%) leading losses followed by PLN (-0.7%). Meanwhile, MXN trades at 19.92 per dollar (-0.5%), pairing six positive session in a row**

- **Crude-oil trades with gains after losses in the last two sessions due to concerns about a lower Chinese demand, a possible increase in Iranian supply and more output from Libya. Moreover, metals register a mixed balance and grains widespread losses**

Corporate Debt

- **Mac Health reported the inauguration of its new hospital unit in Los Mochis Sinaloa on August 12th, this being the fourteenth unit of the group. Currently, MAC Health has two issuances in the long-term debt market, SALUD 20 / 21, with an outstanding amount of MXN 2 billion and maturities in 2025 and 2026**

- **Crédito Real informed that there was no statutory attendance quorum for the celebration of Credito Real Shareholders Ordinary General Assembly summoned on July 7th, 2022 at the request of the Comisión Nacional Bancaria y de Valores to be held on August 15th. An official of the aforementioned Commission attended with the sole purpose of witnessing its development**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,912.44	0.4%
S&P 500	4,297.14	0.4%
Nasdaq	13,128.05	0.6%
IPC	48,638.36	-0.4%
Ibovespa	113,031.98	0.2%
Euro Stoxx 50	3,789.62	0.3%
FTSE 100	7,509.15	0.1%
CAC 40	6,569.95	0.2%
DAX	13,816.61	0.2%
Nikkei 225	28,871.78	1.1%
Hang Seng	20,040.86	-0.7%
Shanghai Composite	3,276.09	0.0%
Sovereign bonds		
2-year Treasuries	3.18	-6pb
10-year Treasuries	2.79	-4pb
28-day Cetes	8.53	3pb
28-day TIIE	8.76	-1pb
2-year Mbono	9.06	-2pb
10-year Mbono	8.47	-5pb
Currencies		
USD/MXN	19.83	-0.1%
EUR/USD	1.02	-1.0%
GBP/USD	1.21	-0.7%
DXY	106.55	0.9%
Commodities		
WTI	89.41	-2.9%
Brent	95.10	-3.1%
Mexican mix	84.79	-3.4%
Gold	1,779.71	-1.3%
Copper	361.75	-1.4%

Source: Bloomberg

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, 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	*When the share expected performance is similar to the MEXBOL estimated performance.*
SELL	*When the share expected performance is lower than the MEXBOL estimated performance.*

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