

Financial Markets Daily

August 18, 2022

Main drivers for the financial markets today...

- **Positive stock markets, except Asia, USD with small changes and government bond yields mixed with investors still digesting the slightly less hawkish tone in yesterday's FOMC minutes amid concerns over high inflation as well as the economic slowdown**
- **The US and Taiwan will start formal talks on trade and economic initiatives, following up on a promise to deepen ties amid opposition from China. It was announced that the first round of talks will begin in early fall**
- **Attention on comments from Fed's George and Kashkari after yesterday's release of FOMC minutes looking for signs of the magnitude of the next rate move**
- **Regarding economic figures, in the US the Philly Fed regional manufacturing indicator for August will be released. We estimate it at -6.0pts, after the previous month the general index deepened its fall to -12.3pts, almost 40pts away from March's level when the highest point of the year was reached (27.4pts). Existing home sales and jobless claims for the week ending August 13 will also be published**
- **In Mexico, INEGI released its Timely Indicator of Economic Activity for July, with a 0.1% m/m contraction (1.5% y/y sa) in activity. By sectors, they expect industry at -0.2% m/m, reversing lower, and with services at -0.1%, better at the margin**

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forecasters for Mexico in 2021, granted by
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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Consumer prices - Jul (F)	% y/y	8.8	8.9	8.6
5:00	Core - Jul (F)	% y/y	4.0	4.0	4.0
<i>Mexico</i>					
7:00	Timely Indicator of Economic Activity* - jul	% y/y	--	--	2.1
<i>Turkey</i>					
7:00	Monetary policy decision (Central Bank of Turkey)	%	--	14.0	14.00
<i>United States</i>					
8:30	Initial jobless claims* - Aug 13	thousands	255	265	262
8:30	Philadelphia Fed* - Aug	index	-6.0	-5.0	-12.3
10:00	Existing home sales** - Jul	millions	--	4.9	5.1
13:20	Fed's George speaks on economic outlook				
13:45	Fed's Kashkari speaks in Q&A				

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	4,283.00	0.1%
Euro Stoxx 50	3,769.47	0.4%
Nikkei 225	28,942.14	-1.0%
Shanghai Composite	3,277.54	-0.5%
<i>Currencies</i>		
USD/MXN	19.95	-0.2%
EUR/USD	1.02	0.0%
DX	106.57	0.0%
<i>Commodities</i>		
WTI	89.21	1.2%
Brent	95.09	1.5%
Gold	1,771.09	0.5%
Copper	363.25	1.4%
<i>Sovereign bonds</i>		
10-year Treasury	2.86	-4pb

Source: Bloomberg

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Equities

- **Mixed stock markets after the release of July's Fed minutes as investors weigh whether the central bank could slow the pace of its rate hikes given the latest inflation report**
- **US futures anticipate a widely unchanged opening with its three major indices trading on average 0.1% above their theoretical value. In turn, Europe is operating to the upside, the Eurostoxx showing on average a 0.4% advance, with the real estate sector leading the gains. Finally, Asia closed mostly negative, highlighting the Nikkei's drop of 0.9%**
- **On the corporate front, today the release of only 4 companies of the S&P500 are expected, where Estee Lauder recorded results above expectations. Cisco rose 4.3% on premarket after raising its quarterly revenue guidance as chip shortages ease. In Mexico, the Mexbol Index could hover around the 48,500pts**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. European rates lose 2bps, on average. Meanwhile, the Treasury curve gains up to 4bps, at the short-end. Yesterday, the Mbonos closed with a 9bps sell-off, on average, with the 10-year benchmark at 8.60% (+9bps)**
- **The dollar trade with few changes while developed currencies trade with mixed returns with SEK (-0.2%) and NOK (+0.6%) at the extremes. In EM, the bias is negative with TRY (-0.8%) leading the losses. Meanwhile, MXN appreciates 0.2% to 19.95 per dollar**
- **Crude-oil advances after signs of higher demand in the US with gasoline consumption reaching year-to-date highs. Metals trade in positive territory with copper gaining 1.1%, while grains register losses**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,980.32	-0.5%
S&P 500	4,274.04	-0.7%
Nasdaq	12,938.12	-1.3%
IPC	48,734.04	-0.1%
Ibovespa	113,707.76	0.2%
Euro Stoxx 50	3,756.06	-1.3%
FTSE 100	7,515.75	-0.3%
CAC 40	6,528.32	-1.0%
DAX	13,626.71	-2.0%
Nikkei 225	29,222.77	1.2%
Hang Seng	19,922.45	0.5%
Shanghai Composite	3,292.53	0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	3.28	3pb
10-year Treasuries	2.90	9pb
28-day Cetes	8.34	-1pb
28-day TIE	8.77	0pb
2-year Mbono	9.14	9pb
10-year Mbono	8.60	8pb
<i>Currencies</i>		
USD/MXN	19.98	0.4%
EUR/USD	1.02	0.1%
GBP/USD	1.20	-0.4%
DX	106.57	0.1%
<i>Commodities</i>		
WTI	88.11	1.8%
Brent	93.65	1.4%
Mexican mix	83.05	1.3%
Gold	1,761.77	-0.8%
Copper	359.00	-1.1%

Source: Bloomberg

Corporate Debt

- **CIBanco (Common Rep.) informed that, at the request of the Trustee, an early amortization of the principal in the HIRCB 19 issuance (HIR Casa RMBS) for MXN 21 million will be carried out on August 25. It is important to point out that it will be additional to the target amortization of principal and to the ordinary interest that the Certificates will accrue**
- **HR Ratings affirmed the rating of 'HR A-' with a Stable Outlook and 'HR2' for Mercader Financial. According to the agency, the ratification for the rating is based on the adequate behavior of the financial indicators where, in the last 12m, a stability in the capitalization index has been observed**

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 Thalia 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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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