

# Financial Markets Daily

August 19, 2022

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

- **Mixed stock markets with S&P500 futures down, while government bond yields and USD are up, as investors are assimilating comments from Fed members, assessing the magnitude of the likely rate hike in September, while also calibrating their expectations on global monetary policy tightening**
- **Geopolitical tensions continue after China's President Xi Jinping and Russia's leader Vladimir Putin plan to attend a G20 summit in Bali, Indonesia late in November**
- **In Brazil, the Datafolha survey published yesterday and carried out from August 16 to 18 shows candidate Lula Da Silva would win the first round of the presidential elections to be held in October with 47% of votes, while Bolsonaro closed the gap by rising from 29% to 32%. According to the survey, in the second round Lula would win with 54% of the votes**
- **With scarce economic data in the US, markets attention is focused on comments from Barkin of the Richmond Fed who will speak to the 'Association of Maryland Counties', and will await Powell's intervention in the annual event at Jackson Hole next August 26**
- **In Mexico, INEGI published June's retail sales, down 0.3% m/m (4.0% y/y). Inside, 7 out of the 9 sectors declined, with weakness centered in supermarket and departmental (-1.7% m/m) and food and beverages (-1.4%)**

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.mactal@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



 [www.banorte.com](http://www.banorte.com)  
 @analisis\_fundam

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
4:00	Current account* - Jun	EURbn	--	--	-4.5
<i>Mexico</i>					
7:00	Retail sales - Jun	% y/y	4.2	5.0	5.2
7:00	Retail sales* - Jun	% m/m	-0.2	0.2	0.5

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

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

## A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,246.00	-1.0%
Euro Stoxx 50	3,748.46	-0.8%
Nikkei 225	28,930.33	0.0%
Shanghai Composite	3,258.08	-0.6%
<i>Currencies</i>		
USD/MXN	20.26	0.7%
EUR/USD	1.01	-0.4%
DXY	107.94	0.4%
<i>Commodities</i>		
WTI	88.63	-2.1%
Brent	94.56	-2.1%
Gold	1,750.07	-0.5%
Copper	363.90	0.2%
<i>Sovereign bonds</i>		
10-year Treasury	2.95	6pb

Source: Bloomberg

## Equities

- We end the week with mixed movements in main stock indices, while the odds of a significant monetary tightening continue to increase
- Futures in the US anticipate a negative opening, with the S&P500 trading 1.0% below its theoretical value, reflecting profit-taking after the rise of recent days, while the technology sector is the one that shows the greatest adjustments. Bed Bath & Beyond shares fell more than 40% after Ryan Cohen sold its stake. In Asia, adjustments in China's main indices stood out, while in Europe the bias is negative, with the Eurostoxx adjusting after the decline in real estate and travel stocks
- The earnings season in the US has almost concluded. With ~95% of the results of S&P500 companies, the cumulative advance in profits is 8.1% vs 4.1%e and a positive surprise rate at 75.8%

## Sovereign fixed income, currencies and commodities

- Negative performance in sovereign bonds. European assets trade with pressures of 10bps on average while the Treasuries yield curve registers losses of 5bps. Yesterday, the Mbonos' curve closed with a steepening bias resulting from pressures of 4bps on average on the short-end and losses of up to 12bps on long-term securities
- The dollar strengthens (DXY +0.4%) causing all developed and most emerging currencies to trade in negative territory. In the first group GBP (-0.8%) is the weakest while in the second, PLN (-0.8%) leads the declines and RUB (+0.8%) is the only positive, amid the Russian government's exchange controls. The MXN is the third weakest, depreciating 0.7% to 20.25 per dollar
- Crude oil futures fall 2.1% on average due to fears of a global recession and the rise of infections in China. In metals, the negative bias prevails, with copper being the exception

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,999.04	0.1%
S&P 500	4,283.74	0.2%
Nasdaq	12,965.34	0.2%
IPC	48,729.80	0.0%
Ibovespa	113,812.87	0.1%
Euro Stoxx 50	3,777.38	0.6%
FTSE 100	7,541.85	0.3%
CAC 40	6,557.40	0.4%
DAX	13,697.41	0.5%
Nikkei 225	28,942.14	-1.0%
Hang Seng	19,763.91	-0.8%
Shanghai Composite	3,277.54	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	3.20	-9pb
10-year Treasuries	2.88	-1pb
28-day Cetes	8.38	4pb
28-day TIE	8.77	0pb
2-year Mbono	9.23	9pb
10-year Mbono	8.71	12pb
<i>Currencies</i>		
USD/MXN	20.12	0.7%
EUR/USD	1.01	-0.9%
GBP/USD	1.19	-1.0%
DXY	107.48	0.9%
<i>Commodities</i>		
WTI	90.50	2.7%
Brent	96.59	3.1%
Mexican mix	85.71	3.2%
Gold	1,758.61	-0.2%
Copper	363.60	1.3%

Source: Bloomberg

## Corporate Debt

- Fitch Ratings upgraded TENIXCB 14U (Autopista Tenango – Ixtapan de la Sal FF) rating to 'AAA(mex)' from 'AA+(mex)' and changed the outlook to Stable from Positive. According to the agency, the rating upgrade reflects the strong recovery in the project's traffic experienced during 2021 and the first half of 2022, together with the expectation of moderate but favorable future performance
- HR Ratings affirmed the 'HR AA-' rating with a Stable Outlook for Broxel's BRX 22 and 22-2 issuances. According to the agency, the ratification of Broxel and its issuances is based on the estimated FCF levels, together with the projected level of debt service, considering that the Company would show solid levels of DSCR

## 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.

## Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

## Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

## Last-twelve-month activities of the business areas.

**Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.**

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

## Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## Guide for investment recommendations.

	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>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

## Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

*The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.*

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