

# Financial Markets Daily

August 23, 2022

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

- **Stock markets negative, with S&P 500 futures slightly higher, government bond yields with a positive bias and the USD showing some strengthening. Investors remain concerned by the economic deceleration –assimilating weak data in Europe– and awaiting comments from Chair Powell on Friday**
- **In energy, crude-oil rises given comments from Saudi functionaries that suggest that OPEC+ could announce supply cuts in September, arguing that futures prices do not reflect fundamentals in the oil market**
- **On economic data, preliminary PMIs in the Eurozone continued showing weakness in August, remaining below the 50bps threshold in a generalized way for a second consecutive month. In the UK, weakness centered in manufacturing, albeit with more resilient services. Later we will be looking for the release of these figures in the US, where some weakness is expected, as well as new home sales**
- **In the monetary policy front, attention remains fixed in the Jackson Hole Symposium later this week, particularly on the tone of Jerome Powell's speech. Nevertheless, today we will have comments from Neel Kashkari (Minneapolis). Meanwhile, expectations of stronger actions in the Eurozone and the UK are consolidating given increases in inflation expectations**
- **On the war in Ukraine, attacks from Russia are expected to intensify ahead of the celebration of the independence of the first country**

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Winners of the award for best economic  
forecasters for Mexico in 2021, granted by  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
9:45	Manufacturing PMI* - Aug (P)	index	52.0	51.9	52.2
9:45	Services PMI* - Aug (P)	index	49.5	50.0	47.3
9:45	Composite PMI* - Aug (P)	index	--	--	47.7
10:00	New home sales** - Jul	thousands	--	575	590
19:00	Fed's Kashkari speaks in Q&A				
<i>Eurozone</i>					
10:00	Consumer confidence - Aug (P)	index	--	-28.0	-27.0
<i>Mexico</i>					
10:00	International reserves - Aug 19	US\$b	--	--	199.4
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Jul'53); 3-year Udbono (Dec'26) and 2-, 5-, and 10-year Bondes F				

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	4,148.00	0.2%
Euro Stoxx 50	3,657.30	0.0%
Nikkei 225	28,452.75	-1.2%
Shanghai Composite	3,276.22	0.0%
<i>Currencies</i>		
USD/MXN	20.08	-0.3%
EUR/USD	0.99	-0.2%
DXY	109.02	0.0%
<i>Commodities</i>		
WTI	91.54	1.5%
Brent	97.52	1.1%
Gold	1,735.91	0.0%
Copper	366.95	0.5%
<i>Sovereign bonds</i>		
10-year Treasury	3.03	2pb

Source: Bloomberg

## Equities

- **Negative sentiment prevails in equity markets as investors are cautious and focused on any signals related to the extent of global monetary tightening to combat high inflation, amid growing fears of a further economic slowdown**
- **In Asia the markets closed negative. In Europe stocks drop, the Eurostoxx sheds 0.1%. Shares from consumer staples and utilities sectors lead losses, while those from energy and real estate show gains. In turn, in the US the futures of main indices point to a slightly positive opening with an average increase of 0.1%**
- **In Mexico, the Mexbol may remain around the 48,000 pts**

## Sovereign fixed income, currencies and commodities

- **Pressures in sovereign bonds. European rates adjust +3bps, on average, while US Treasuries' curve registers losses of 4bps at the short-end and modest gains of 1bp at the long-end. Yesterday, Mbonos curve recorded a 4bps sell-off, on average, with the 10-year reference closing at 8.91% (+6bps)**
- **The dollar trades slightly positive, while G10 and EM currencies register a mixed performance. In the former, CHF (-0.2%) and NOK (+0.3%) stand at the extremes, while EUR trades at two-decade low. In EM, HUF (-0.6%) leads losses and MXN trades as the second strongest at 20.08 per dollar (+0.3%)**
- **Crude-oil advances after Saudi minister noting that OPEC+ may be forced to cut output to stabilize the high market volatility. Moreover, European natural gas is still trading near to record levels crippling economic output**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,063.61	-1.9%
S&P 500	4,137.99	-2.1%
Nasdaq	12,381.57	-2.5%
IPC	48,016.61	-0.9%
Ibovespa	110,500.53	-0.9%
Euro Stoxx 50	3,658.22	-1.9%
FTSE 100	7,533.79	-0.2%
CAC 40	6,378.74	-1.8%
DAX	13,230.57	-2.3%
Nikkei 225	28,794.50	-0.5%
Hang Seng	19,656.98	-0.6%
Shanghai Composite	3,277.79	0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	3.31	8pb
10-year Treasuries	3.01	4pb
28-day Cetes	8.47	4pb
28-day TIE	8.78	0pb
2-year Mbono	9.43	2pb
10-year Mbono	8.92	6pb
<i>Currencies</i>		
USD/MXN	20.14	-0.2%
EUR/USD	0.99	-0.9%
GBP/USD	1.18	-0.5%
DXY	109.05	0.8%
<i>Commodities</i>		
WTI	90.23	-0.6%
Brent	96.48	-0.2%
Mexican mix	85.89	-0.2%
Gold	1,736.30	-0.6%
Copper	365.35	-0.5%

Source: Bloomberg

## Corporate Debt

- **Kimberly-Clark de México announced that on August 16th, 2022 it made an early amortization of MXN 1.5 billion of a bank loan with original maturity in May 2023**
- **HR Ratings placed the 'HR A+' rating for Value Arrendadora and its unsecured issuance VALARRE 19 on Positive Watch, based on the rating action on Value Grupo Financiero's main subsidiary because of the possible positive impact derived from a methodology update**
- **Banco Actinver (Trustee) informed that, as approved on the Bondholders Meeting, on August 25 an early partial principal payment will take place for issuance 123LCB 21 (123 Leasing's ABS) for MXN 63.38 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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