

Financial Markets Daily

August 31, 2022

Main drivers for the financial markets today...

- **Stock markets lower, government bond yields higher and USD strengthening, reflecting concerns from investors over the effect from policy tightening from the Fed on the global economy, in a context of high inflationary pressures**
- **In Europe, gas shipments through the Nord Stream pipeline were suspended once again due to maintenance, expecting three days without supply. Nevertheless, as in previous occasions there are doubts if these will resume with some normality given prevailing tensions. Despite of this, both Germany and France have advanced in their reserve build-up of this commodity for winter**
- **In the Eurozone, inflation reached a new historical high in August by reaching 9.1% y/y, with the core at 4.3%. With this, expectations of a 75bps hike by the ECB in the following week are consolidating. In China, official PMIs for August were slightly better than anticipated, highlighting an acceleration in manufacturing to 49.4pts from 49.0pts**
- **In the US, the employment report from ADP will resume its release, while we will have comments from Mester (Cleveland), Bostic (Atlanta) and Logan (Dallas). We believe their opinions will be particularly relevant after a string of positive data. In Mexico attention will center on Banxico's Quarterly Report, where we don't expect changes on CPI forecasts, but we could see a slight decline on those for growth. We will also have July's banking credit**

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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>Eurozone</i>					
5:00	Consumer prices - Aug (P)	% y/y	--	9.0	8.9
5:00	Core - Aug (P)	% y/y	--	4.1	4.0
<i>United States</i>					
8:00	Fed's Mester Discusses Economic Outlook				
8:30	ADP employment report*	% y/y	--	305	--
18:30	Fed's Bostic speaks on role of fintech in financial inclusion				
<i>Mexico</i>					
10:00	Banking credit - Jul	% y/y	3.1	--	2.9
13:30	Bannxico's Quarterly Report				
<i>China</i>					
21:45	Manufacturing PMI (Caixin)* - Aug	index	--	50.1	50.4

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	4,001.00	0.3%
Euro Stoxx 50	3,546.55	-0.4%
Nikkei 225	28,091.53	-0.4%
Shanghai Composite	3,202.14	-0.8%
<i>Currencies</i>		
USD/MXN	20.22	0.3%
EUR/USD	1.00	-0.2%
DX	109.10	0.3%
<i>Commodities</i>		
WTI	89.18	-2.7%
Brent	95.93	-3.4%
Gold	1,713.69	-0.6%
Copper	348.20	-1.8%
<i>Sovereign bonds</i>		
10-year Treasury	3.14	4pb

Source: Bloomberg

Equities

- **Stock markets continue with negative bias and declines in the main stock indices are registered, while investors continue to weigh a lower global economic dynamism given the restrictive monetary policies among central banks, which has been accentuated after the Euro Zone inflation accelerated**
- **Futures in the US anticipate an opening to the upside with the S&P500 trading 0.3% above its theoretical value, although caution prevails among participants. Snap falls more than 6.0% on pre-market after informing it plans to lay off about 20% of its employees. In turn, the Eurostoxx decreased 0.4%, registering the largest adjustment in the energy sector. Meanwhile, Asia closed mixed, but the Shanghai's decline of 0.8% and the Nikkei's drop of 0.4% stand out**
- **In Mexico, the Mexbol Index could be consolidating around the 46,200pts, supported by some opportunity buying's**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds continue to perform negatively amid risk-off mood. European assets adjust up to +11bps while the Treasury curve trades with pressures of 3bps on average. Yesterday, the Mbonos' curve ended the session with losses of 7bps on average and the 10-year benchmark at 9.10% (+10bps)**
- **The dollar strengthens (DXY +0.3%) while G-10 currencies trade in negative territory and emerging currencies with mixed changes. In the first group, NOK (-1.2%) is the weakest while in the second, KRW (+0.6%) and HUF (-1.0%) are at the ends of the spectrum. The Mexican peso extends yesterday's losses by depreciating 0.3% to 20.22 per dollar**
- **Crude-oil futures fall 3.0% on average due to concerns about a global recession and the measures that China may adopt in view of the increase in contagion. In metals, the negative bias prevails, highlighting the 2.4% slump in silver**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,790.87	-1.0%
S&P 500	3,986.16	-1.1%
Nasdaq	11,883.14	-1.1%
IPC	45,922.05	-0.9%
Ibovespa	110,430.64	-1.7%
Euro Stoxx 50	3,561.92	-0.2%
FTSE 100	7,361.63	-0.9%
CAC 40	6,210.22	-0.2%
DAX	12,961.14	0.5%
Nikkei 225	28,195.58	1.1%
Hang Seng	19,949.03	-0.4%
Shanghai Composite	3,227.22	-0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	3.44	2pb
10-year Treasuries	3.10	0pb
28-day Cetes	8.35	-18pb
28-day TIE	8.82	0pb
2-year Mbono	9.70	9pb
10-year Mbono	9.10	9pb
<i>Currencies</i>		
USD/MXN	20.15	0.7%
EUR/USD	1.00	0.2%
GBP/USD	1.17	-0.5%
DXY	108.77	-0.1%
<i>Commodities</i>		
WTI	91.64	-5.5%
Brent	99.31	-5.5%
Mexican mix	88.65	-5.1%
Gold	1,724.02	-0.8%
Copper	355.10	-1.6%

Source: Bloomberg

Corporate Debt

- **Corporativo GBM informed that, after obtaining the corresponding authorizations from the CNBV and COFECE, the investment of MXN 1.5 billion from the private equity fund SoftBank Latin America Fund was made, which acquired a participation equivalent to 7.5% of the capital stock in some subsidiaries of the issuer, including the Brokerage and the Investment Fund Operator**
- **Moody's assigned ratings of 'AAA.mx' to the North American Development Bank. According to the agency, the rating reflects the bank's low level of leverage, high capital adequacy and liquidity position, as well as strong support from the governments of the United States and Mexico, its two shareholder members**

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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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