

Financial Markets Daily

September 2, 2022

Main drivers for the financial markets today...

- **Stock market mixed, S&P500 futures with small changes, government bond yields positive, and USD lower, as caution and uncertainty among investors continue, ahead of the US labor market report, looking for further clues on the magnitude of the Fed's rate hike decision on September 21st**
- **Regarding August's employment report in the US, we anticipate the creation of 350k jobs, with an unemployment rate at 3.5%. In the event of a positive figure, the market could be guided even more for a 75bps hike by the Fed**
- **The G7 meets today and will announce that it is prepared to set a price cap to Russian oil. The measure seeks to alleviate current energy market pressures and limit Russia's income**
- **China announced a new lockdown in Chengdu (the sixth largest city in the country, which contributes 1.7% of Chinese GDP). So far, the lockdown will have a duration of four days, although it cannot be ruled out that it will be extended if contagions continue**
- **In the US, President Biden addressed voters yesterday prior to the November election in a televised speech, signaling out Trump as threat to the nation. In other news, the US government is disappointed with the nuclear deal with Iran after an unfavorable response**
- **Regarding other economic data, in the US we will have durable goods orders (July) and in Brazil industrial production (July). In Mexico we will not have relevant reports**

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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>Brazil</i>					
8:00	Industrial production - Jul	% y/y	--	0.0	-0.5
8:00	Industrial production* - Jul	% m/m	--	0.6	-0.4
<i>United States</i>					
8:30	Nonfarm payrolls* - Aug	thousands	350	290	528
8:30	Unemployment rate* - Aug	%	3.6	3.5	3.5
10:00	Factory orders* - Jul	% m/m	--	0.2	2.0
10:00	Ex transportation* - Jul	% m/m	--	--	1.4
10:00	Durable goods orders* - Jul (F)	% m/m	--	0.0	0.0
10:00	Ex transportation* - Jul (F)	% m/m	--	--	0.3

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	3,963.75	-0.1%
Euro Stoxx 50	3,480.31	0.7%
Nikkei 225	27,650.84	0.0%
Shanghai Composite	3,186.48	0.0%
<i>Currencies</i>		
USD/MXN	20.13	-0.3%
EUR/USD	1.00	0.4%
DXY	109.36	-0.3%
<i>Commodities</i>		
WTI	88.33	2.0%
Brent	94.06	1.8%
Gold	1,706.29	0.5%
Copper	340.25	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.25	0pb

Source: Bloomberg

Equities

- **Mixed moves in stock markets, while futures in the US show little changes, with all the attention on non-farm payrolls to be released later. A positive figure could underpin the expectation that the next move in Fed rates will be +75bp, which would continue to cause nervousness and volatility in the stock markets, given fears of the possible impact on growth.**
- **Meanwhile, in Europe we are seeing widespread positive movements, while sportswear stocks are supported by the rise in Lululemon Athletica's outlook. In Asia, we observed mostly negative closures, while concerns continue around the increase in restrictions in China to contain the advance in infections.**
- **In Mexico, the Mexbol Index could continue to consolidate near 45,000pts, while remaining a 'bear market'. Today, after the market close, changes for the Mexbol sample will be announced (possible entry of GENTERA and exit of BOLSA)**

Sovereign fixed income, currencies and commodities

- **Negative bias in sovereign bonds awaiting further information. European assets trade with adjustments of +3bps on average and the Treasury curve registers slight gains on the short-end and marginal pressures on long-term tenors. Yesterday, the Mbonos' curve closed with losses of 7bps on average and the 10-year benchmark at 9.11% (+7bps)**
- **The dollar weakens (DXY -0.4%) allowing an advance in most developed currencies while emerging currencies trade with mixed changes. In the first group, DKK (+0.5%) is the strongest and in the second, HUF (+1.3%) and RUB (-1.0%) are at the ends. The Mexican peso breached the 100-day MA and trades at 20.13 per dollar, equivalent to an appreciation of 0.3%**
- **Crude-oil futures (+1.7%) moderated gains in light of a possible G-7 agreement to introduce caps on Russian crude-oil prices in international markets. In metals, the negative bias prevails**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,656.42	0.5%
S&P 500	3,966.85	0.3%
Nasdaq	11,785.13	-0.3%
IPC	45,383.85	1.0%
Ibovespa	110,405.30	0.8%
Euro Stoxx 50	3,456.70	-1.7%
FTSE 100	7,148.50	-1.9%
CAC 40	6,034.31	-1.5%
DAX	12,630.23	-1.6%
Nikkei 225	27,661.47	-1.5%
Hang Seng	19,597.31	-1.8%
Shanghai Composite	3,184.98	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	3.50	1pb
10-year Treasuries	3.25	6pb
28-day Cetes	8.66	5pb
28-day TIIE	8.82	0pb
2-year Mbono	9.78	4pb
10-year Mbono	9.11	5pb
<i>Currencies</i>		
USD/MXN	20.20	0.3%
EUR/USD	0.99	-1.1%
GBP/USD	1.15	-0.7%
DXY	109.69	0.9%
<i>Commodities</i>		
WTI	86.61	-3.3%
Brent	92.36	-4.3%
Mexican mix	82.56	-4.0%
Gold	1,697.52	-0.8%
Copper	340.65	-3.2%

Source: Bloomberg

Corporate Debt

- **Operadora de Servicios Mega (GF Mega) informed the achievement of a simple credit for MXN 300 million with Banco Invex, with a duration of up to 48 months. According to the statement, the financing will be allocated to small and medium-sized companies in Mexico**
- **CEMEX reported that, through certain subsidiaries, it has completed the sale of its operations in Costa Rica and El Salvador to Cementos Progreso Holdings, for an amount of approximately US\$329 million. According to the statement, the transaction is part of its objective to optimize the company's global asset base under its Operation Resilience strategic plan. The company anticipates that the proceeds obtained will be used to finance its growth strategy through complementary investments, reduce debt and other corporate purposes**

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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, Cintia Gisela Nava Roa, 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 Olivios 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	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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