

# Financial Markets Daily

September 5, 2022

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

- **Stock markets biased lower, government bond yields mixed and USD stronger.** Losses are centered in Europe due to the deepening of the energy crisis after Gazprom closed the Nord Stream pipeline indefinitely. Meanwhile, US markets will be closed today due to the Labor Day holiday
- **August's PMI Composite in China stood at 53.0pts, below the previous month (54.0).** In this backdrop, the government said it will accelerate its stimulus rollout in the third quarter, after unveiling a package of more than 1 trillion yuan last week, focused on infrastructure
- **Market attention on the ECB monetary policy decision, with consensus expecting a 75bps hike (Banorte: +75bps), as well as speeches from Fed members, including Powell before the silence period begins.** Moreover, August inflation in Mexico, China, and Brazil. Monetary policy decisions also in Australia, Canada, Poland, Malaysia, and Peru. The Fed will release the Beige Book
- **In international events, an extraordinary meeting between European Union energy ministers will be held to discuss an emergency intervention in the electricity market. Also, finance ministers will meet. Lizz Truss was announced as new UK prime minister**
- **The US economic agenda also includes trade balance, consumer credit (Jul), ISM services indicator (Aug), and weekly jobless claims**
- **In Mexico, August's consumer confidence stood at 40.9pts, which is 0.4pts lower than the previous month. The deadline for the delivery of the 2023 Budget Proposal by the MoF is on Thursday. Reports include gross fixed investment and private consumption (Jun), industrial production (Jul) and the banking sector survey**

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  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
	Markets closed for Labor Day				
Eurozone					
5:00	Retail sales* - Jul	% m/m	--	0.4	-1.2
Mexico					
7:00	Consumer confidence* - Aug	index	41.9	--	41.3

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	3,927.25	0.1%
Euro Stoxx 50	3,470.57	-2.1%
Nikkei 225	27,619.61	-0.1%
Shanghai Composite	3,199.91	0.4%
<i>Currencies</i>		
USD/MXN	20.00	0.3%
EUR/USD	0.99	-0.2%
DXY	109.81	0.3%
<i>Commodities</i>		
WTI	89.11	2.6%
Brent	95.63	2.8%
Gold	1,714.68	0.1%
Copper	344.70	0.7%
<i>Sovereign bonds</i>		
10-year Treasury	3.19	0pb

Source: Bloomberg

## Equities

- The week starts with negative equity market sentiment as investors react to the worsening energy crisis in Europe and weigh fears of a slowdown in economic dynamism in a context of high inflation and aggressive monetary tightening. US markets closed due to the 'Labor Day' holiday
- Indices fall broadly in Europe, with the Eurostoxx adjusting 2.1%. In Asia, stock exchanges closed mostly lower, highlighting the Hang Seng's 1.2% decrease
- In Mexico, S&P Dow Jones Indices reported in a preliminary fashion the inclusion of Gentera in the Mexbol index resample, replacing Lab. On the corporate front, GMexico announced the acquisition of Planigrupo for the Infrastructure Division. For this week, we estimate a Mexbol trading range between 44,500 and 47,000 points

## Sovereign fixed income, currencies and commodities

- US market will be closed today, impacting the session's liquidity. Meanwhile, European bonds lose 5bps on average. In Mexico, the Mbonos' yield curve flattened last week with a 10bps sell-off at the short-end, while long-term securities recorded few changes
- Dollar advances against most of developed currencies, with EUR (-0.2%) as the weakest due to a deeper energy crisis. In EM, the bias is also negative, with MXN trading at 20.00 per dollar (-0.3%), after a weekly gain of 0.5%
- Crude-oil futures surge with investors focused on today's OPEC+ ministerial meeting where a possible production cut is discussed. Moreover, natural gas prices rebound due to the indefinite shutdown of the Nord Stream gas pipeline and metals print a mixed balance

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,318.44	-1.1%
S&P 500	3,924.26	-1.1%
Nasdaq	11,630.86	-1.3%
IPC	45,888.63	1.1%
Ibovespa	110,864.24	0.4%
Euro Stoxx 50	3,544.38	2.5%
FTSE 100	7,281.19	1.9%
CAC 40	6,167.51	2.2%
DAX	13,050.27	3.3%
Nikkei 225	27,650.84	0.0%
Hang Seng	19,452.09	-0.7%
Shanghai Composite	3,186.48	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	3.39	-11pb
10-year Treasuries	3.19	-6pb
28-day Cetes	8.61	-5pb
28-day TIE	8.82	0pb
2-year Mbono	9.67	-11pb
10-year Mbono	9.02	-9pb
<i>Currencies</i>		
USD/MXN	19.95	-1.2%
EUR/USD	1.00	0.1%
GBP/USD	1.15	-0.3%
DX	109.53	-0.1%
<i>Commodities</i>		
WTI	86.87	0.3%
Brent	93.02	0.7%
Mexican mix	83.09	0.6%
Gold	1,712.19	0.9%
Copper	341.35	0.2%

Source: Bloomberg

## Corporate Debt

- Banco Actinver (Trustee) informed that, due to the downgrade to 'HR A+ (E)' with Negative Observation by HR Ratings on the CRELCB 19 issuance (Crédito Real ABS) on July 20, an event of accelerated amortization has occurred and, consequently, it must proceed immediately to the accelerated amortization of CREALCB 19
- HR Ratings upgraded the long-term rating of Financiera Bepensa and AB&C Leasing de México to 'HR AA+' from 'HR AA', modified the outlook to Stable from Positive and affirmed the ST ratings at 'HR1'. According to the agency, the upgrade revision is based on the greater financial and strategic relevance of GF Bepensa within Bepensa, after the acquisition of all AB&C Leasing' shares during 2Q22

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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
<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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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
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
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
Víctor 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.cebvallos@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
Víctor Antonio Roldán Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899