

Financial Markets Daily

September 6, 2022

Main drivers for the financial markets today...

- **Positive stock markets, mixed government bond yields, USD slightly up and crude-oil prices down after the holiday in the US, with investors buying the dip, while Europe evaluates measures to reduce energy costs and China orders further restrictions as virus cases rise**
- **Today, Britain's Queen Elizabeth II will formally name Liz Truss as prime minister. In the US, primary elections will take place in Massachusetts. Later, Chile will announce its monetary policy decision**
- **Regarding economic figures, in the US the ISM non-manufacturing for August will be released. We expect it to remain in expansion. At night, China will publish the trade balance for the same month**
- **In Mexico, INEGI published GFI for June, up 0.7% m/m (previous: -1.1%), with increases in both construction (0.4%) as well as in machinery and equipment (1.3%). In annual terms we saw +7.8%. Moreover, INEGI also released private consumption for the sixth month of 2022. It rose 0.1% m/m (previous: -0.6%), boosted by imported goods (4.1%). This implies a total increase in consumption of 6.6% in annual terms**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Gross fixed investment - Jun	% y/y	6.0	--	6.2
7:00	Gross fixed investment* - Jun	% m/m	-0.2	--	-1.2
7:00	Private consumption - Jun	% y/y	--	--	7.2
7:00	Private consumption* - Jun	% m/m	--	--	-0.4
10:00	International reserves - Sep 2	US\$bn	--	--	198.8
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 3-year Mbono (Mar'25); 20-year Udibono (Nov'35) and 2-, 5-, and 10-year Bondes F				
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
10:00	ISM services* - Aug	index	55.8	55.2	56.7
<i>Chile</i>					
17:00	Monetary policy decision (BCCh)	%	--	10.25	9.75
<i>China</i>					
22:00	Trade balance - Aug	USDbn	--	91.7	101.3
22:00	Exports - Aug	% y/y	--	12.3	18.0
22:00	Imports - Aug	% y/y	--	1.1	2.3

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	3,944.50	0.5%
Euro Stoxx 50	3,500.64	0.3%
Nikkei 225	27,626.51	0.0%
Shanghai Composite	3,243.45	1.4%
<i>Currencies</i>		
USD/MXN	20.00	0.1%
EUR/USD	0.99	-0.1%
DX	109.97	0.4%
<i>Commodities</i>		
WTI	86.68	-0.2%
Brent	93.02	-2.8%
Gold	1,714.04	0.2%
Copper	345.00	0.8%
<i>Sovereign bonds</i>		
10-year Treasury	3.24	5pb

Source: Bloomberg

Equities

- **Positive movements in equity markets depicting a momentary relief rally after the recent correction and with investors making opportunistic buying, although they continue to assess risks, mainly related to global monetary tightening and the impact of Europe's energy crisis**
- **In Asia the markets closed mixed. In Europe stocks advance, the Eurostoxx rises 0.3%. In turn, in the US operations will resume after yesterday's holiday and the futures of main indices point to a positive open (+0.6% on average)**
- **On the corporate front, CVS Health said it will buy Signify Health for ~US\$8 billion. In Mexico, Volaris showed solid figures in August, although the high cost of fuel will continue to generate share price volatility, while Gap passengers confirmed the expectation of continued growth in demand**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. European bonds register gains of 3bps, on average, while the US Treasury curve adjust up to +8bps in the belly. Yesterday, the Mbonos' curve closed with small changes and the 10-year reference, May'31, ended at 8.97% (+1bp)**
- **The dollar advances amid a mixed performance in G10 currencies with GBP (+0.5%) y JPY (-1.0%) at the extremes. In emerging markets, the mixed bias prevails limited by +/-0.4%. Meanwhile, MXN trades at 20.00 per dollar (-0.1%) after a 0.2% depreciation yesterday**
- **Crude-oil prices fall amid concerns about an economic slowdown after China ordered new lockdowns as virus cases spread. This adjustment diluted previous session's gains drive by OPEC+'s decision to cut global supply by 100 Kbb/d in October**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,318.44	0.0%
S&P 500	3,924.26	0.0%
Nasdaq	11,630.86	0.0%
IPC	46,026.08	0.3%
Ibovespa	112,203.35	1.2%
Euro Stoxx 50	3,490.01	-1.5%
FTSE 100	7,287.43	0.1%
CAC 40	6,093.22	-1.2%
DAX	12,760.78	-2.2%
Nikkei 225	27,619.61	-0.1%
Hang Seng	19,225.70	-1.2%
Shanghai Composite	3,199.91	0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	3.39	0pb
10-year Treasuries	3.19	0pb
28-day Cetes	8.70	9pb
28-day TIE	8.82	0pb
2-year Mbono	9.66	-1pb
10-year Mbono	9.00	-1pb
<i>Currencies</i>		
USD/MXN	19.98	0.2%
EUR/USD	0.99	-0.3%
GBP/USD	1.15	0.1%
DX	109.53	0.0%
<i>Commodities</i>		
WTI	86.87	0.0%
Brent	95.74	2.9%
Mexican mix	83.09	0.0%
Gold	1,710.40	-0.1%
Copper	341.35	0.0%

Source: Bloomberg

Corporate Debt

- **S&P Global Ratings affirmed the rating for the subordinated issuance LIPSBCB 14-2U (La Piedad-San Luis' Future Flow) at 'mxA+' and changed the outlook to Positive from Stable. The agency revised its traffic projections due to the quick recovery on road sections Rio Verde-Ciudad Valles and La Piedad bypass once the mobility restrictions from the COVID-19 pandemic were eased**
- **HR Ratings affirmed Banco del Bajío's long term rating at 'HR AAA' with a Stable outlook and its short-term rating at 'HR+1'. The affirmation was based on the strength of its solvency and capitalization ratios, where the capitalization ratio stood at 16.7% in 2Q22, which remained in high levels, despite a MXN 4.7 billion dividend payment in the first half of 2022**

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, 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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