

# Financial Markets Daily

September 9, 2022

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

- **Stock markets higher, government bond yields mixed, and USD to the downside. Investors are evaluating whether the ECB's restrictive monetary policy stance and Powell's hawkish comments yesterday are closer to be fully discounted by the market. Nevertheless, recession risks are still lingering around**
- **European Union energy ministers meet today in Brussels to address possible ways to mitigate the energy crisis. On the other hand, UK markets are operating normally after the passing of Queen Elizabeth II**
- **Markets watchful of the comments from Fed members Waller and George, which will take about the economic outlook. Evans is also slated to speak. In Brazil, August inflation data will be released**
- **Masato Kanda, Japan's top foreign exchange official at the Ministry of Finance, said that the yen's decline in recent days cannot be justified by economic fundamentals. In this backdrop, he warned that all options are open for a potential market intervention, in case it is necessary**
- **In China, August's inflation moderated at the margin, standing at 2.5% y/y from 2.7% in the previous month. Producer prices also lessened, at 2.3% from 4.2% in July**
- **Mexico's industrial production in July grew 0.4% m/m (+2.6% y/y), above consensus. We highlight the strong performance in manufacturing at 1.6%, albeit with meaningful declines in mining and construction**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Industrial production - Jul	% y/y	1.6	3.0	3.8
7:00	Industrial production* - Jul	% m/m	-0.1	-0.1	0.1
7:00	Manufacturing output - Jul	% y/y	2.7	3.8	5.1
	Wage negotiations - Aug	%	--	--	9.5
<i>Brazil</i>					
8:00	Consumer prices - Aug	% m/m	--	-0.39	-0.68
8:00	Consumer prices - Aug	% y/y	--	8.74	10.07
<i>United States</i>					
10:00	Fed's Evans Discusses Careers in Economics				
12:00	Fed's Waller discusses the Economic Outlook				
12:00	Fed's George discusses the Economic Outlook				

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	4,039.50	0.8%
Euro Stoxx 50	3,574.06	1.8%
Nikkei 225	28,214.75	0.5%
Shanghai Composite	3,262.05	0.8%
<i>Currencies</i>		
USD/MXN	19.91	-0.3%
EUR/USD	1.01	0.8%
DXY	108.53	-1.1%
<i>Commodities</i>		
WTI	85.08	1.8%
Brent	90.82	1.9%
Gold	1,727.44	1.1%
Copper	360.15	1.9%
<i>Sovereign bonds</i>		
10-year Treasury	3.26	-6pb

Source: Bloomberg

## Equities

- **Stock markets end the week with positive movements, on dip buying, as investors seem to consider that the restrictive measures implemented may already be largely priced in current prices**
- **Futures in the US anticipate a positive opening, with the S&P500 trading 0.8% above its theoretical value. In Europe, we see widespread gains, with mining companies leading the rises given China's demand optimism and banks driven by rate hikes. Stock markets in the United Kingdom are operating normally, following Queen Elizabeth II's death. In Asia we observed positive closings, highlighting the advance of the Hang Seng of 2.7%.**
- **In Mexico, the Mexbol Index could approach to 46,500pts after yesterday closing at 46,283pts**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets trade with adjustments of -7 to +3bps while the Treasuries yield curve records gains of 5bps on average. Yesterday, the Mbonos' curve posted gains of 3bps in the short- and mid-end while the long-term tenors closed with pressures of 2bps**
- **The dollar weakens (DXY -1.0%) allowing the rest of the FX universe to trade in positive territory. In the developed group, JPY (+1.5%) leads the gains while in the emerging market, ZAR (+1.4%) is the strongest. The Mexican peso appreciates 0.4% to 19.89 per dollar, approaching a relevant technical resistance**
- **Crude-oil futures advance 1.8% on average due to a decrease in global inventories and a breather from concerns about a slowdown in demand. In metals, the performance is positive, highlighting Nickel with an advance of 4.8%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,774.52	0.6%
S&P 500	4,006.18	0.7%
Nasdaq	11,862.13	0.6%
IPC	46,283.34	0.5%
Ibovespa	109,915.64	0.1%
Euro Stoxx 50	3,512.38	0.3%
FTSE 100	7,262.06	0.3%
CAC 40	6,125.90	0.3%
DAX	12,904.32	-0.1%
Nikkei 225	28,065.28	2.3%
Hang Seng	18,854.62	-1.0%
Shanghai Composite	3,235.59	-0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	3.50	7pb
10-year Treasuries	3.32	5pb
28-day Cetes	8.71	9pb
28-day TIIE	8.84	1pb
2-year Mbono	9.67	-2pb
10-year Mbono	9.01	-4pb
<i>Currencies</i>		
USD/MXN	19.97	-0.1%
EUR/USD	1.00	-0.1%
GBP/USD	1.15	-0.3%
DXY	109.71	-0.1%
<i>Commodities</i>		
WTI	83.54	2.0%
Brent	89.15	1.3%
Mexican mix	79.18	0.9%
Gold	1,708.46	-0.6%
Copper	352.70	2.8%

Source: Bloomberg

## Corporate Debt

- **Fitch Ratings upgraded Alsea's local scale ratings to 'A+(mex)' from 'A-(mex)' and its international ratings to 'BB' from 'BB-'. The outlook is Stable. The rating action reflects an improvement on Alsea's operative results, the leverage metrics, and its liquidity position**
- **S&P Global Ratings downgraded Mexarrend's global scale ratings to 'CCC+' from 'B-' and its local scale ratings to 'mxB-' from 'mxB+' and kept the ratings on its Negative CreditWatch list. The ratings downgrade reflects Mexarrend's weaker liquidity profile facing a growing refinancing risk**

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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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