

Financial Markets Daily

September 13, 2022

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields negative and the USD weakens, awaiting a moderation in August's CPI in the US, although likely not being enough for the Fed to slow down the pace of rate hikes, with additional information being necessary that the downward trend will be sustained**
- **In the US, attention on August's CPI, expecting it to remain stable in monthly terms (0.0% m/m) and with the annual print moderating to 8.3%. This print will be key to define the magnitude of the Fed's adjustment next week, although the probability of a 75bps hike is very high**
- **The EU is contemplating setting a limit between €180 to €200 per MWh to electricity tariffs in their emergency package. It is also expected that they will set an additional levy to energy companies of at least 33% on their extraordinary income**
- **In the trade front, disruptions could continue given the expectation that ports in Shanghai and Ningbo in China will have to close due to the arrival of a typhoon. In this context, lockdowns due to the virus continue in several regions of the country, with 915 cases reported yesterday in quarantined zones**
- **In other figures, in Germany, August's inflation came in line with the preliminary print at 8.8% y/y, while the ZEW expectations index for September declined even further by standing at -61.9pts from -55.3pts in the previous month. In the UK, July's unemployment rate surprised to the downside by standing at 3.6% from 3.8%, although driven by lower participation**

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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>United States</i>					
8:30	Consumer prices* - Aug	% m/m	0.0	-0.1	0.0
8:30	Ex. food & energy* - Aug	% m/m	0.3	0.3	0.3
8:30	Consumer prices - Aug	% y/y	8.3	8.0	8.5
8:30	Ex. food & energy - Aug	% y/y	6.1	6.1	5.9
<i>Mexico</i>					
10:00	International reserves - Sep 9	US\$bn	--	--	198.5
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 20-year Mbono (Nov'42), 30-year Udi bono (Nov'50) and 1-, 3-, and 7-year Bondes F				

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	4,158.50	0.7%
Euro Stoxx 50	3,668.55	0.6%
Nikkei 225	28,614.63	0.3%
Shanghai Composite	3,263.80	0.1%
<i>Currencies</i>		
USD/MXN	19.81	-0.2%
EUR/USD	1.02	0.6%
DXY	107.73	-0.6%
<i>Commodities</i>		
WTI	89.16	1.6%
Brent	95.25	1.3%
Gold	1,730.88	0.4%
Copper	362.55	0.0%
<i>Sovereign bonds</i>		
10-year Treasury	3.31	-5pb

Source: Bloomberg

Equities

- **Positive movements in equity markets, continuing the previous week's and yesterday's rally, ahead of US inflation data where investors are expecting signs of cooling, and in that case, weighing whether there could be any adjustment in the Fed's pace of monetary tightening**
- **In Asia most markets closed positive. In Europe stocks advance, the Eurostoxx rises 0.6%. Shares from health care and consumer staples sectors lead gains, while those from real estate and energy show declines. Highlighted UBS's announcement that it plans to increase its dividend by 10% and expects its 2022 share repurchases to exceed US\$5 billion. In turn, in the US the futures of main indices point to a positive open by rising 0.6% on average**
- **In Mexico, the Mexbol may stand above the 48,100 pts**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. European assets trade with adjustments of up to -7bps, while Treasuries post gains of 4bps on average. Yesterday the Mbonos' curve closed with a steepening bias, as a result of 3bps gains in the short- and mid-end while long-term nodes were pressured by up to 8bps**
- **The dollar weakens for the third consecutive session (DXY -0.5%) allowing positive performance in G-10 and most emerging currencies. In the first group SEK (+0.6%) leads the gains while in the latter, RUB (+0.9%) and TRY (-0.1%) are at the ends of the spectrum. The Mexican peso appreciates 0.2% to 19.81 per dollar**
- **Crude-oil futures advance 1.2%, on average, with the weaker dollar offsetting concerns about weaker global demand. Metals print widespread gains, among which aluminum rises 2.0%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,381.34	0.7%
S&P 500	4,110.41	1.1%
Nasdaq	12,266.41	1.3%
IPC	47,860.48	1.7%
Ibovespa	113,406.55	1.0%
Euro Stoxx 50	3,646.51	2.1%
FTSE 100	7,473.03	1.7%
CAC 40	6,333.59	2.0%
DAX	13,402.27	2.4%
Nikkei 225	28,542.11	1.2%
Hang Seng	19,362.25	0.0%
Shanghai Composite	3,262.05	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	3.57	1pb
10-year Treasuries	3.36	5pb
28-day Cetes	8.83	11pb
28-day TIIE	8.86	1pb
2-year Mbono	9.58	-6pb
10-year Mbono	8.93	-2pb
<i>Currencies</i>		
USD/MXN	19.84	-0.3%
EUR/USD	1.01	0.8%
GBP/USD	1.17	0.8%
DXY	108.33	-0.6%
<i>Commodities</i>		
WTI	87.78	1.1%
Brent	94.00	1.2%
Mexican mix	83.71	1.5%
Gold	1,724.54	0.4%
Copper	361.05	1.2%

Source: Bloomberg

Corporate Debt

- **ENTERA informed that its subsidiary, Compartamos Financiera, which operates in Peru, placed the amount of 60 million soles (~MXN 305 million), through the public issuance of Certificates of Deposit in the Peruvian debt market. The issuance has a term of 1 year, with a rate of 8.1250%**
- **HR Ratings upgraded Operadora de Sites Mexicanos' (OPSIMEX) ratings to 'HR AAA' from 'HR AA+' and changed the outlook to Stable from Positive. The upgrade is based on the expected generation of constant Free Cash Flow, which would reach a level of MXN 5.21 billion in 2025 as a result of the growth in its operation in the following years**

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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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