

# Financial Markets Daily

September 14, 2022

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

- **Negative stock markets, S&P futures positive, government bond yields up and USD down. Investors are more relaxed as they digest the implications of yesterday's inflation report on monetary policy in the US and take dip buying opportunities after sharp sell-off in riskier assets**
- **Risk to US supply chains is rising ahead of a possible strike by railroad drivers' and engineers' unions, which could cost the economy US\$2 billion a day and start as soon as this Thursday**
- **The US is preparing another aid package to Ukraine, in a context in which Ukraine has said that it has recovered more than 3,000 square kilometers. Meanwhile, Putin will hold meetings with the leaders of China, India, Turkey and Iran at the summit to be held in Uzbekistan**
- **Regarding economic figures, the agenda in the US only includes the release of producer prices for August. Consensus estimates the figure at -0.1% m/m, with the annual change at 8.8% y/y from 9.8% y/y previously**
- **In other regions, in the United Kingdom, inflation in the eighth month of the year slowed marginally, coming in below consensus expectations, due to a drop in energy prices, with which the markets could speculate that the maximum has lagged behind. This ahead of the BoE's monetary policy decision next week, in which a 50bp hike is expected**

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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
<i>Eurozone and UK</i>					
2:00	UK Consumer prices - Aug	% y/y	--	10.1	10.1
2:00	Core - Aug	% y/y	--	6.3	6.2
5:00	EZ Industrial production* - Jul	% m/m	--	-1.0	0.7
<i>Brazil</i>					
8:00	Retail sales - Jul	% y/y	--	-3.1	-0.3
8:00	Retail sales* - Jul	% m/m	--	1.3	-1.4
<i>United States</i>					
8:30	Producer prices* - Aug	% m/m	--	-0.1	-0.5
8:30	Ex. food & energy* - Aug	% m/m	--	0.3	0.2

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	3,956.00	0.1%
Euro Stoxx 50	3,568.41	-0.5%
Nikkei 225	27,818.62	-2.8%
Shanghai Composite	3,237.54	-0.8%
<i>Currencies</i>		
USD/MXN	20.02	-0.3%
EUR/USD	1.00	0.2%
DX	109.59	-0.2%
<i>Commodities</i>		
WTI	87.08	-0.3%
Brent	93.17	0.0%
Gold	1,703.88	0.1%
Copper	355.30	-0.8%
<i>Sovereign bonds</i>		
10-year Treasury	3.45	4pb

Source: Bloomberg

## Equities

- **Stock markets with negative bias following yesterday's US inflation data and registering strong market adjustments, as investors continue to assess the monetary tightening magnitude and the possibility of a global economic recession**
- **Futures in the US anticipate a positive opening with the S&P500 trading 0.1% above its theoretical value, although caution prevails. Europe, is mainly trading with losses, the Eurostoxx decreases 0.5%, registering the largest adjustments in real estate and utilities sectors'. Highlighting Inditex, which is rising more than 4.0% after reporting higher than inflation increases in its products, allowing revenues beat estimates. In turn, Asia closed with losses, highlighting the Nikkei's drop of 2.8% and the Hang Seng's of 2.5%, following yesterday's sentiment.**
- **In Mexico, the Mexbol Index could be consolidating around 47,000pts**

## Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European assets trade with adjustments of up to +8bps while the Treasuries yield curve trades with pressures of 5bps on average. Yesterday, the Mbonos' curve posted losses of 17bps, on average, in the short- and mid-end while the long-term securities saw pressures of 11bps**
- **The dollar weakens after yesterday's strong advance (DXY -0.3%) enabling a positive bias in developed currencies and mixed movements in EM. In the first group JPY (+0.9%) leads the gains while in the latter, CZK (+0.4%) and KRW (-1.2%) are at the ends of the spectrum. The Mexican peso appreciates 0.3% to 20.02 per dollar**
- **Crude-oil futures advanced 0.3% despite expectations of a slowdown in demand in China due to the impact of the new lockdowns. Metals prices are mainly negative, with aluminum printing losses of 2.4%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,104.97	-3.9%
S&P 500	3,932.69	-4.3%
Nasdaq	11,633.57	-5.2%
IPC	47,039.75	-1.7%
Ibovespa	110,793.96	-2.3%
Euro Stoxx 50	3,586.18	-1.7%
FTSE 100	7,385.86	-1.2%
CAC 40	6,245.69	-1.4%
DAX	13,188.95	-1.6%
Nikkei 225	28,614.63	0.3%
Hang Seng	19,326.86	-0.2%
Shanghai Composite	3,263.80	0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	3.76	18pb
10-year Treasuries	3.41	5pb
28-day Cetes	8.75	-8pb
28-day TIIE	8.87	1pb
2-year Mbono	9.74	16pb
10-year Mbono	9.02	9pb
<i>Currencies</i>		
USD/MXN	20.08	1.2%
EUR/USD	1.00	-1.5%
GBP/USD	1.15	-1.6%
DXY	109.82	1.4%
<i>Commodities</i>		
WTI	87.31	-0.5%
Brent	93.17	-0.9%
Mexican mix	83.46	-0.3%
Gold	1,702.17	-1.3%
Copper	355.55	-1.5%

Source: Bloomberg

## Corporate Debt

- **Fitch Ratings affirmed the ratings for issuance ZKCCB 17 (ZKC Administración's ABS) at 'A+(mex)' and changed the outlook to Stable from Negative. The Stable outlook reflects the agency's expectations that the collection will stay in line with Fitch's net cash flow projection**
- **PCR Verum affirmed Navistar Financial's long- and short-term ratings at 'AAA/M' with Stable outlook and '1+/M', respectively. The ratings are based on the support and strong existing operative and commercial synergies with TRATON SE (Volkswagen AG), which, in PCR Verum's opinion, owns the highest credit quality on a national scale**

## 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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<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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