

Financial Markets Daily

September 15, 2022

Main drivers for the financial markets today...

- **Mixed stock markets, S&P Futures down, stable USD and government bond yields up, with investors awaiting important US economic data today, and readjusting their expectations on future Fed action, as well as its impact on the economy going forward**
- **In the US, retail sales and industrial production for August will be released, as well as the regional Empire manufacturing and Philly Fed surveys for September. The data will be key to see if there is already an impact of Fed's aggressive rate hike cycle**
- **A tentative agreement has been reached between the rail companies and unions representing more than 100,000 workers to avoid a shutdown. This lessens concerns of additional supply chain disruptions and avoids a negative impact on Biden's approval ahead of the midterm elections**
- **The US Senate approved a bill to finance arms to Taiwan. Chinese President Xi Jinping and Vladimir Putin are meeting at the Uzbekistan summit. Meanwhile, the central bank in China decided to keep the rate unchanged at 2.75% after a 10bp cut in August**

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 Refinitiv



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 @analisis_fundam

The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|----------------------|------------------------------------|-----------|---------|--------|----------|
| <i>Eurozone</i> | | | | | |
| 5:00 | Trade balance* - Jul | EURbn | -- | -32.3 | -30.8 |
| <i>United States</i> | | | | | |
| 8:30 | Initial jobless claims* - Sep 10 | thousands | 230 | 225 | 222 |
| 8:30 | Empire manufacturing* - Sep | index | 2.0 | -15.0 | -31.3 |
| 8:30 | Advance retail sales* - Aug | % m/m | 0.1 | 0.0 | 0.0 |
| 8:30 | Ex autos & gas* - Aug | % m/m | -- | 0.8 | 0.7 |
| 8:30 | Control group* - Aug | % m/m | 0.4 | 0.6 | 0.8 |
| 8:30 | Philadelphia Fed* - Sep | index | 4.5 | 2.5 | 6.2 |
| 9:15 | Industrial production* - Aug | % m/m | 0.3 | 0.1 | 0.6 |
| 9:15 | Manufacturing production* - Aug | % m/m | 0.2 | -0.1 | 0.7 |
| <i>China</i> | | | | | |
| 22:00 | Industrial production - Aug | % y/y | -- | 3.8 | 3.8 |
| 22:00 | Retail sales - Aug | % y/y | -- | 3.2 | 2.7 |
| 22:00 | Gross fixed investment (YTD) - Aug | % y/y | -- | 5.5 | 5.7 |

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 | 3,961.00 | -0.1% |
| Euro Stoxx 50 | 3,565.21 | -0.1% |
| Nikkei 225 | 27,875.91 | 0.2% |
| Shanghai Composite | 3,199.92 | -1.2% |
| <i>Currencies</i> | | |
| USD/MXN | 20.02 | 0.4% |
| EUR/USD | 1.00 | 0.0% |
| DX | 109.64 | 0.0% |
| <i>Commodities</i> | | |
| WTI | 87.57 | -1.0% |
| Brent | 93.15 | -1.0% |
| Gold | 1,686.30 | -0.6% |
| Copper | 352.00 | -0.7% |
| <i>Sovereign bonds</i> | | |
| 10-year Treasury | 3.45 | 4pb |

Source: Bloomberg

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Equities

- **Mixed stock markets as investors seem torn between, on one hand, among negative sentiment, supported by an environment of greater monetary tightening. And, on the other hand, deep buyers, who continue to bet on inflation's peak**
- **The US anticipates a slightly downward opening with S&P 500 futures trading 0.2% below their theoretical value while awaiting the release of some economic data. As for Europe, it is trading mostly to the downside, however, the Eurostoxx remains without a clear trend, decreasing 0.1%, and with real estate sector leading losses with 1.9%. Finally, Asia closed mixed, highlighting the Hang Seng's advance of 0.4%, after China lifted blockades in most parts of Chengdu**
- **In Mexico, the Mexbol Index closed yesterday at 46,745pts and today might hoover around 46,500pts**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. European rates adjust up to +4bps. Meanwhile, the Treasury curve with pressures of 4bps, on average. Yesterday, the Mbonos curve adjusted +6bps, on average, with the 10-year benchmark at 9.08% (+5bps)**
- **The dollar trades little changed, while developed currencies trade with mixed returns with GBP (-0.4%) as the weakest. In EM, the bias is negative with RUB (+0.7%) and CLP (-0.9%) at the extremes. Meanwhile, MXN depreciates 0.4% to 20.02 per dollar**
- **Crude-oil fall 1.0%, on average, as markets assess demand in China and a possible increase in its share of fuel exports. Metals trade with negative bias with gold and copper down 0.8% and 0.9%, respectively**

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| <i>Equity indices</i> | | |
| Dow Jones | 31,135.09 | 0.1% |
| S&P 500 | 3,946.01 | 0.3% |
| Nasdaq | 11,719.68 | 0.7% |
| IPC | 46,745.14 | -0.6% |
| Ibovespa | 110,546.67 | -0.2% |
| Euro Stoxx 50 | 3,567.56 | -0.5% |
| FTSE 100 | 7,277.30 | -1.5% |
| CAC 40 | 6,222.41 | -0.4% |
| DAX | 13,028.00 | -1.2% |
| Nikkei 225 | 27,818.62 | -2.8% |
| Hang Seng | 18,847.10 | -2.5% |
| Shanghai Composite | 3,237.54 | -0.8% |
| <i>Sovereign bonds</i> | | |
| 2-year Treasuries | 3.79 | 3pb |
| 10-year Treasuries | 3.40 | 0pb |
| 28-day Cetes | 8.83 | 8pb |
| 28-day TIE | 8.88 | 1pb |
| 2-year Mbono | 9.88 | 14pb |
| 10-year Mbono | 9.09 | 7pb |
| <i>Currencies</i> | | |
| USD/MXN | 19.95 | -0.6% |
| EUR/USD | 1.00 | 0.1% |
| GBP/USD | 1.15 | 0.4% |
| DXY | 109.66 | -0.1% |
| <i>Commodities</i> | | |
| WTI | 88.48 | 1.3% |
| Brent | 94.10 | 1.0% |
| Mexican mix | 84.13 | 0.8% |
| Gold | 1,697.32 | -0.3% |
| Copper | 351.95 | -1.0% |

Source: Bloomberg

Corporate Debt

- **Mexarrend announced it received the final approval of a line of credit with Banco Azteca for MXN 600 million, collateralized by real estate assets. Thus, Mexarrend ended the refinancing of its bond maturity due October 2022**
- **Fitch Ratings resolved the Negative Watch on ION Financiera's long- and short-term ratings and affirmed them at 'BBB(mex)' and 'F3(mex)'. The long-term outlook is Negative. The rating actions were based on the company's received capital contributions that have kept its tangible leverage metrics in levels close to 6.0x, despite the consistent net losses and the lower-than-expected portfolio sales**
- **CEMEX announced a Tender Offer for its Notes 3.875% due 2031, its Notes 5.200% due 2030 and its notes 5.450% due 2029 for a total purchase amount of US\$400 million**

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, 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 Olivós 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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|------|--|
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| HOLD | <i>When the share expected performance is similar to the MEXBOL estimated performance.</i> |
| SELL | <i>When the share expected performance is lower than the MEXBOL estimated performance.</i> |

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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 Cellina 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 |

Market Strategy

| | | | |
|-------------------------|-----------------------------|----------------------------|------------------|
| Manuel Jiménez Zaldivar | Director of Market Strategy | manuel.jimenez@banorte.com | (55) 5268 - 1671 |
|-------------------------|-----------------------------|----------------------------|------------------|

Fixed income and FX Strategy

| | | | |
|----------------------------|--|--------------------------------------|------------------|
| Leslie Thalia 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 |
| Victor 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.cebaldos@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 |
| Victor Antonio Roldan Ferrer | Head of Commercial Banking | victor.roldan.ferrer@banorte.com | (55) 1670 - 1899 |