

Financial Markets Daily

September 20, 2022

Main drivers for the financial markets today...

- **Negative stock markets, government bond yields up, USD slightly up, with investors bracing for another supersized US 75bp rate hike tomorrow at the FOMC's meeting, but also eyeing Sweden's surprise of a 100bps hike. Meanwhile, the war in Ukraine continues with this country requesting more weapons**
- **Today, the general debate begins at the annual UN General Assembly in New York with the war in Ukraine as a major topic. Meanwhile, Germany's government is closing in on a deal to nationalize gas giant Uniper SE, as Berlin moves to prevent a collapse of the country's energy sector ahead of the winter season**
- **Dockworkers will continue to operate in key ports in the US while they negotiate a new labor contract. Regarding economic figures, August's housing starts and construction permits will be released, in a context where the housing sector is already showing signs of weakness due to the aggressive Fed's hiking cycle**
- **In Mexico, INEGI published its Timely Indicator of Economic Activity for August, with a null progress of 0.0% m/m (2.9% y/y sa) in activity. By sectors, they expect industry at -0.1% m/m, reversing lower, and with services stable at 0.0%**

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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>Eurozone</i>					
4:00	Current account* - Jul	EURbn	--	--	4.2
<i>Mexico</i>					
7:00	Timely Indicator of Economic Activity* - Aug	% y/y	--	--	1.5
10:00	International reserves - Sep 15	US\$bn	--	--	198.3
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'27); 3-year Udibono (Dec'26) and 2-, 5-, and 10-year Bondes F				
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
8:30	Housing starts** - Aug	thousands	--	1,460	1,446
8:30	Building permits** - Aug	thousands	--	1,621	1,685

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	3,893.75	-0.6%
Euro Stoxx 50	3,471.46	-0.8%
Nikkei 225	27,688.42	0.4%
Shanghai Composite	3,122.41	0.2%
<i>Currencies</i>		
USD/MXN	20.02	0.5%
EUR/USD	1.00	-0.5%
DXY	109.97	0.2%
<i>Commodities</i>		
WTI	85.54	-0.2%
Brent	92.54	0.6%
Gold	1,667.18	-0.5%
Copper	354.25	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.56	7pb

Source: Bloomberg

Equities

- **A negative bias prevails in equity markets with attention focused on the start of the FOMC meeting and where investors are nervous about the potential effects of the Fed's monetary tightening, mainly related to a possible recession. In this way, in Europe stocks drop, the Eurostoxx sheds 0.8%. In turn, in the US the futures of main indices point to a negative open by falling 0.3% on average. In Asia the markets closed positive, with signs of easing Covid restrictions in Hong Kong**
- **In Mexico, Amx announced that the registration of Sitios Latam's shares in the National Securities Registry was authorized and indicated that, with the beginning of its listing on the MSE on September 29 and the shares' distribution to its shareholders (they will receive 1 share of Sitios Latam for every 20 shares they own in AMX), the spin-off process will be completed**

Sovereign fixed income, currencies and commodities

- **Widespread pressures in sovereign bonds. European bonds register losses of 10bps, on average, while the US Treasury curve adjusts +5bps with the 10-year security trading above 3.50%. Yesterday, the Mbonos' curve closed with a 3bps sell-off and the 10-year reference, May'31, ended at 9.21%**
- **Dollar trades slightly positive amid a negative performance in G10 currencies with NZD (-0.8%) as the weakest, excluding GBP (+0.2%). In emerging markets, the bias is negative with MXN trading close its psychological level of 20.00 per dollar (-0.3%), partially diluting the previous gains (+0.6%)**
- **Crude-oil is modestly higher with Brent above 90 \$/bbl. Meanwhile, the US plans to offer an additional 10 million barrels of oil from its strategic reserves in November, ahead of plans by EU to ban Russian crude-oil in December, while the prospect of higher Iranian crude is discussed**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,019.68	0.6%
S&P 500	3,899.89	0.7%
Nasdaq	11,535.02	0.8%
IPC	46,793.59	0.1%
Ibovespa	111,823.89	2.3%
Euro Stoxx 50	3,499.49	0.0%
FTSE 100	7,236.68	0.0%
CAC 40	6,061.59	-0.3%
DAX	12,803.24	0.5%
Nikkei 225	27,567.65	0.0%
Hang Seng	18,565.97	-1.0%
Shanghai Composite	3,115.60	-0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	3.94	7pb
10-year Treasuries	3.49	4pb
28-day Cetes	8.77	-14pb
28-day TIIE	8.90	1pb
2-year Mbono	10.03	5pb
10-year Mbono	9.22	5pb
<i>Currencies</i>		
USD/MXN	19.92	-0.6%
EUR/USD	1.00	0.1%
GBP/USD	1.14	0.1%
DXY	109.74	0.0%
<i>Commodities</i>		
WTI	85.73	0.7%
Brent	92.00	0.7%
Mexican mix	82.04	0.8%
Gold	1,675.84	0.0%
Copper	351.25	-0.1%

Source: Bloomberg

Corporate Debt

- **Arca Continental announced it reached a new long-term agreement with The Coca-Cola Company with the goal of strengthening the collaboration and solid relationship between the companies. The agreement's scope includes all markets covered by Arca Continental and consolidates the economic relationship, growth mechanisms, new business opportunities and a digital alliance**
- **Moody's Local MX assigned a 'AA-.mx' rating to proposed issuances BRX 22 / 22-2, reflecting their issuers' (Servicios Broxel, 'A+.mx') credit profile on top of the additional credit strength provided by the bonds' covenants**

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	Reference
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