

# Financial Markets Daily

September 27, 2022

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

- **Positive stock markets, government bond yields and USD down, while crude-oil prices are up, with investors still nervous digesting the effects of the fiscal plans in the United Kingdom, as well as the risks of a global economic recession in the face of a tighter monetary policy**
- **US Senators revealed a stopgap funding bill to keep the government running through Dec. 16, but they face a challenging path to averting a shutdown this weekend. Congress has until 11:59 p.m. Friday to avert the shutdown**
- **Today, markets attention will be on speeches by Fed members including Powell, Evans, Bullard, Kashkari and Daly. In economic data, the US will release housing sector figures and Conference Board's consumer confidence indicator for September. We estimate it at 104pts**
- **In Mexico, INEGI released August's employment report. The unemployment rate rose to 3.53% (+10bps), with 177.1 thousand new jobs. With seasonally adjusted figures we saw an uptick to 3.28% (+6bps). INEGI also published August's trade balance, posting a US\$5,498.2 million deficit. Exports fell 0.9% m/m (25.2% y/y), with a mixed performance in manufacturing. Imports backtracked 2.1% m/m (27.0% y/y), dragged by oil**

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Winners of the award for best economic forecasters for Mexico in 2021, granted by Refinitiv



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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>United States</b>					
6:15	Fed's Evans Discusses Economic Outlook				
7:30	Powell Takes Part in Panel on Digital Currencies				
8:30	Durable goods orders* - Aug (P)	% m/m	--	0.0	-0.1
8:30	Ex transportation* - Aug (P)	% m/m	--	0.3	0.2
9:00	S&P/CoreLogic housing prices - Jul	% y/y	--	17.2	18.7
9:55	Fed's Bullard discusses economic and policy outlook				
10:00	Consumer confidence* - Sep	index	104.0	104.5	103.2
10:00	New home sales** - Aug	thousands	--	500	511
<b>Mexico</b>					
7:00	Unemployment rate - Aug	%	3.51	3.40	3.43
7:00	Trade balance - Aug	US\$m	-4,171.8	--	-5,959.5
10:00	International reserves - Sep 23	US\$bn	--	--	197.9
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Jul'53); 10-year Udibono (Nov'31) 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.
<b>Equity indices</b>		
S&P 500 Futures	3,720.00	1.4%
Euro Stoxx 50	3,374.01	0.9%
Nikkei 225	26,571.87	0.5%
Shanghai Composite	3,093.86	1.4%
<b>Currencies</b>		
USD/MXN	20.30	-0.3%
EUR/USD	0.96	0.4%
DX	113.62	-0.4%
<b>Commodities</b>		
WTI	77.93	1.6%
Brent	85.49	1.7%
Gold	1,639.79	1.1%
Copper	331.35	0.0%
<b>Sovereign bonds</b>		
10-year Treasury	3.82	-11pb

Source: Bloomberg

## Equities

- Positive movements in equity markets depicting a momentary relief after recent corrections that took some indices to lows not seen since 2020 in the last session and with investors making some opportunistic buying, although growing concerns of a global recession continue
- In Asia most markets closed positive. In Europe stocks indexes advance, with the Eurostoxx increasing 0.9%. Shares from technology and consumer staples sectors lead gains, while those from utilities and financials superhead losses. In turn, in the US the futures of main indices point to a positive open by rising 1.2% on average, after the Dow (already in bear market) and the S&P500 closed at their lowest levels in 2 years
- In Mexico, the Mexbol may stand above the 45,200 pts

## Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds after yesterday seeing one of the worst sessions in decades. European bonds register gains of 5bps, on average, while the US Treasury curve adjusts up to -13bps at the short and mid-end. Yesterday, the Mbonos' curve closed with a 30bps sell-off, on average
- Dollar trades negative after reaching historical highs. Meanwhile, all G10 currencies advance with NZD (+1.3%) as the strongest. In EM, the bias is mixed with MXN trading at 20.30 per dollar (+0.3%), after a 0.8% depreciation yesterday
- Crude-oil is modestly high from lowest since January as a rally in the dollar paused. However, concerns remain about weak demand driven by a possible global recession. Favorable balance in metals except for aluminum (-0.4%) and nickel (-1.1%)

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	29,260.81	-1.1%
S&P 500	3,655.04	-1.0%
Nasdaq	10,802.92	-0.6%
IPC	44,808.56	-1.3%
Ibovespa	109,114.16	-2.3%
Euro Stoxx 50	3,342.56	-0.2%
FTSE 100	7,020.95	0.0%
CAC 40	5,769.39	-0.2%
DAX	12,227.92	-0.5%
Nikkei 225	26,431.55	-2.7%
Hang Seng	17,855.14	-0.4%
Shanghai Composite	3,051.23	-1.2%
<b>Sovereign bonds</b>		
2-year Treasuries	4.34	14pb
10-year Treasuries	3.92	24pb
28-day Cetes	9.10	11pb
28-day TIIE	8.96	1pb
2-year Mbono	10.40	17pb
10-year Mbono	9.83	37pb
<b>Currencies</b>		
USD/MXN	20.37	0.8%
EUR/USD	0.96	-0.8%
GBP/USD	1.07	-1.6%
DX	114.10	0.8%
<b>Commodities</b>		
WTI	76.71	-2.6%
Brent	84.06	-2.4%
Mexican mix	73.66	-3.1%
Gold	1,622.36	-1.3%
Copper	329.45	-1.5%

Source: Bloomberg

## Corporate Debt

- HSBC Mexico reported that it has reached a strategic alliance with Kavak in which HSBC will receive the collection rights assignment of the financing that Kavak grants to its clients for the purchase of pre-owned vehicles, up to a total amount of MXN 13.6 billion, as they are disposing, subject to the signing of various contracts. The initial amount of the strategic alliance represents at least 50% of the credits originated by Kavak, and that meet the eligibility criteria defined between the parties
- CI Banco (Trustee) informed the notice of a partial early mandatory amortization of the PAMMCB 14U (Periférico del Área Metropolitana de Monterrey, PAMM' FF) issuance for MXN 264 million on September 30

## 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 Thalia 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 Olivos 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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