

# Financial Markets Daily

September 29, 2022

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

- **Stock markets negative, with the USD higher and government bond yields positive amid risk-off sentiment on inflation concerns, global recession risks and Fed officials adamant on further monetary tightening, overshadowing BoE's actions yesterday**
- **In the UK, Prime Minister Liz Truss stated that her controversial fiscal plan is the "right plan", even despite the recent volatility triggered by it and even with the central bank's intervention yesterday in the bond market. On the war in Ukraine, after the referendum results in occupied zones, it is expected that tomorrow Russia signs treaties to officially annex those regions. This is widely rejected by Ukraine and its allies, with the results being declared illegal by the UN**
- **On the monetary policy front, we highlight Banxico's decision, expecting +75bps to 9.25%, with the tone remaining hawkish. In the US we will have speeches from Bullard, Mester and Daly. There will also be decisions in Czech Republic, Colombia and India. The PBoC mentioned that they will expand a special lending program to the housing sector**
- **On economic data, economic confidence in the Eurozone fell for a 7th month in a row to 93.7pts. Later we will have Germany's CPI (Sep) and the third revision to 2Q22 GDP in the US, while China will release official PMIs (Sep)**

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Winners of the award for best economic  
forecasters for Mexico in 2021, granted  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	EZ Economic confidence* - Sep	index	--	96.0	97.6
5:00	EZ Consumer confidence - Sep (F)	index	--	--	-28.8
8:00	GER Consumer prices - Sep (P)	% y/y	--	9.5	7.9
<b>United States</b>					
8:30	Initial jobless claims* - Sep 24	thousands	215	215	213
8:30	Gross domestic product** - 2Q22	% q/q	-0.6	-0.6	-0.6
8:30	Personal consumption** - 2Q22	% q/q	1.5	1.5	1.5
9:30	Fed's Bullard discusses economic outlook				
16:45	Fed's Mester and ECB's Lane Take Part in Policy Panel				
<b>Mexico</b>					
14:00	Monetary policy decision (Banxico)	%	9.25	9.25	8.50
<b>China</b>					
21:30	Manufacturing PMI* - Sep	index	--	49.4	49.4
21:30	Non-manufacturing PMI* - Sep	index	--	52.6	52.6
21:30	Composite PMI* - Sep	index	--	--	51.7
21:45	Manufacturing PMI (Caixin)* - Sep	index	--	--	49.5

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	3,703.75	-0.8%
Euro Stoxx 50	3,305.55	-0.9%
Nikkei 225	26,422.05	0.9%
Shanghai Composite	3,041.21	-0.1%
<b>Currencies</b>		
USD/MXN	20.13	0.0%
EUR/USD	0.97	0.1%
DX-Y	112.95	0.3%
<b>Commodities</b>		
WTI	82.38	0.3%
Brent	89.60	0.3%
Gold	1,651.07	-0.5%
Copper	342.05	1.1%
<b>Sovereign bonds</b>		
10-year Treasury	3.83	9pb

Source: Bloomberg

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## Equities

- Negative-biased stock markets, where uncertainty about a global recession prevails and risk-off sentiment remains, raising concerns that UK's tax cuts could offset the BoE's effort to reduce inflation
- The US anticipates a downward opening with S&P 500 futures trading -0.8% below their theoretical value after opportunity purchases seen yesterday. Europe, operates with widespread losses on stock markets, extending its sell-off of risk assets and causing valuations to fall to their lowest level since 2012. Finally, in China, the Hang Seng Index dropped 0.5% to its lowest benchmark level since October 2011
- In Mexico, Lasite will start trading operations after Amx's spinoff. While the Mexbol Index, could be hovering around 45,000pts

## Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. European rates adjust up to +19bps. Meanwhile, the Treasury curve print pressures of 8bps on average. Yesterday, the Mbonos curve gained 16bps, on average, and the 10-year reference ended at 9.65% (-21bps)
- The dollar advances, as developed currencies trade with negative returns with NOK (-0.9%) as the weakest. In EM, the bias is mixed with CNY (+0.9%) and HUF (-1.8%) at the extremes. Meanwhile, MXN depreciates 0.2% to 20.17 per dollar, after gaining 1.3% yesterday
- Crude-oil advances, extending the previous session's gains (4.0%) with the market speculating an OPEC+ production cut next week. Metals trade with mixed performances with copper up 1.4% and gold down 0.7%

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	29,683.74	1.9%
S&P 500	3,719.04	2.0%
Nasdaq	11,051.64	2.1%
IPC	45,442.21	1.0%
Ibovespa	108,451.20	0.1%
Euro Stoxx 50	3,335.30	0.2%
FTSE 100	7,005.39	0.3%
CAC 40	5,765.01	0.2%
DAX	12,183.28	0.4%
Nikkei 225	26,173.98	-1.5%
Hang Seng	17,250.88	-3.4%
Shanghai Composite	3,045.07	-1.6%
<b>Sovereign bonds</b>		
2-year Treasuries	4.13	-15pb
10-year Treasuries	3.73	-21pb
28-day Cetes	9.26	1pb
28-day TIIE	8.99	1pb
2-year Mbono	10.34	-11pb
10-year Mbono	9.70	-15pb
<b>Currencies</b>		
USD/MXN	20.13	-1.3%
EUR/USD	0.97	1.5%
GBP/USD	1.09	1.5%
DXY	112.60	-1.3%
<b>Commodities</b>		
WTI	82.15	4.6%
Brent	89.32	3.5%
Mexican mix	78.26	3.8%
Gold	1,659.97	1.9%
Copper	335.85	2.3%

Source: Bloomberg

## Corporate Debt

- Fitch Ratings affirmed Fibra MTY's local scale ratings at 'AA(mex)' and its issuer default ratings at 'BB+', both with a Stable outlook. The ratings are based on the good asset quality and its strong financial profile
- Fitch Ratings affirmed Portafolio de Negocios' long- and short-term ratings at 'A(mex)' and 'F1(mex)', respectively. The long-term outlook is Stable. PDN's ratings reflect with high relevance its business profile, with a modest franchise with a gradual and orderly growth
- Fitch Ratings affirmed Factoring Corporativo's long- and short- term ratings at 'A-(mex)' and 'F2(mex)', respectively. The long-term outlook is Stable. The ratings are highly influenced by Faccorp's moderate and growing franchise in the financial system, with a broad operative track record

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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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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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