Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today...

- **Stock markets and government bond yields mixed, USD with small changes, with investors digesting inflation related data in the US, which may help the Federal Reserve to define the path forward on cutting rates, while evaluating the potential outcome on Donald Trump's verdict**

- **In this context, the possible Republican presidential candidate was found guilty yesterday of all charges in the trial against him and the sentence will be announced on July 11th**

- **Regarding economic figures, in the US the personal income and spending report for April was published, highlighting the PCE price deflator at +0.3% m/m, with the annual variation remaining at 2.7%. While the PCE core was +0.2% m/m, with the annual metric at 2.8%, the same as the previous month. Comments are expected from Bostic of the Federal Reserve**

- **In the Eurozone, inflation in May accelerated more than expected (2.6% vs 2.5%) with the previous figure at 2.4%. While the core was 2.9% vs. 2.7% estimated (previous 2.7%), adding uncertainty to the ECB regarding the path for interest rates and its intentions to start with cuts at next week's meeting**

- **In Mexico, April's banking credit figures will be released**


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Winners of the awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023

LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster Economic Indicators for Mexico 2023

FOCUS ECONOMICS ANALYST FORECAST AWARDS 2023

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer prices - May (P)	% y/y	--	2.5	2.4
5:00	Core - May (P)	% y/y	--	2.7	2.7
United States					
8:30	Personal income* - Apr	% m/m	--	0.3	0.5
8:30	Personal spending* - Apr	% m/m	--	0.3	0.8
8:30	Real personal spending* - Apr	% m/m	--	0.0	0.5
8:30	PCE Deflator* - Apr	% m/m	0.3	0.3	0.3
8:30	Core* - Apr	% m/m	0.2	0.2	0.3
8:30	PCE Deflator - Apr	% y/y	2.7	2.7	2.7
8:30	Core - Apr	% y/y	2.7	2.8	2.8
18:15	Fed's Bostic Gives Commencement Speech				
Mexico					
11:00	Banking credit - Apr	% y/y	5.7	--	5.7

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,247.00	-0.1%
Euro Stoxx 50	4,986.07	0.1%
Nikkei 225	38,487.90	1.1%
Shanghai Composite	3,086.81	-0.2%
Currencies		
USD/MXN	16.99	-0.2%
EUR/USD	1.09	0.2%
DXY	104.64	-0.1%
Commodities		
WTI	77.81	-0.1%
Brent	81.83	0.0%
Gold	2,342.79	0.0%
Copper	463.25	-0.6%
Sovereign bonds		
10-year Treasury	4.55	1pb

Source: Bloomberg

Equities

- **Mixed returns across major stock indexes, although caution prevails as Investors continue assessing economic figures that may support upcoming interest rate decisions. High volatility is expected due to the quarterly rebalancing of MSCI indices, the changes of which will be effective at the close of the day**

- **Futures in the US anticipate a negative opening, with the S&P500 trading 0.1% below its theoretical value, while the Nasdaq does the same at 0.2%. This, after a report from Dell that disappointed investors in terms of sales related to Artificial Intelligence (AI) servers**

- **In Europe, movements are limited, while in Asia the 1.1% advance in Japan's Nikkei stood out. In Mexico, caution will prevail, with the Mexbol Index that will likely remain hovering near 55,000pts**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. The 10-year European rates rise 2bps, on average, and the Treasuries' yield curve record gains of 4bps after PCE Deflator changes match estimates. Yesterday, long-term Mbonos advanced 2bps, with the 10-year benchmark closing at 9.81% (-2bps)**

- **Dollar weakens against most of G10 currencies with SEK (+0.8%) leading gains. In EM, the bias is positive with the MXN as the fourth strongest gaining 0.5% to 16.93 per dollar after 3 deep negative sessions so it records a 1.4% weekly depreciation**

- **Crude-oil futures on course for a monthly drop with Brent collapsing 7% m/m as the attention focuses on Sunday's OPEC+ meeting. In metals, the balance is mixed with gold advancing 0.4% and copper falling 0.3%**

Corporate Debt

- **S&P affirmed Orbia's 'BBB-' global and 'mxAA' national ratings with a Stable outlook. The agency believes that Orbia will continue to face challenging market and pricing conditions due to chemical overproduction from Asia, delays in government investments in telecommunications and agriculture projects, as well as potential supply chain disruptions**

- **Fitch Ratings affirmed Bladex's long-term issuer default rating (IDR) at 'BBB' with a Stable outlook. The rating reflects Bladex's broad geographic diversification, strong business and funding profiles, improved profitability, and good capitalization**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,111.48	-0.9%
S&P 500	5,235.48	-0.6%
Nasdaq	16,737.08	-1.1%
IPC	55,352.56	0.3%
Ibovespa	122,707.28	0.0%
Euro Stoxx 50	4,982.18	0.4%
FTSE 100	8,231.05	0.6%
CAC 40	7,978.51	0.5%
DAX	18,496.79	0.1%
Nikkei 225	38,054.13	-1.3%
Hang Seng	18,230.19	-1.3%
Shanghai Composite	3,091.68	-0.6%
Sovereign bonds		
2-year Treasuries	4.92	-5pb
10-year Treasuries	4.55	-7pb
28-day Cetes	11.03	0pb
28-day TIIE	11.25	0pb
2-year Mbono	10.70	1pb
10-year Mbono	9.83	-1pb
Currencies		
USD/MXN	17.02	0.2%
EUR/USD	1.08	0.3%
GBP/USD	1.27	0.2%
DXY	104.72	-0.4%
Commodities		
WTI	77.91	-1.7%
Brent	81.86	-2.1%
Mexican mix	73.12	-2.1%
Gold	2,343.07	0.2%
Copper	465.85	-2.8%

Source: Bloomberg

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, 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	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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