

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets higher, government bond yields mixed, and the USD positive.** Risk appetite remains after the rally yesterday in the US driven by tech stocks and with Europe recovering after adjustments centered in France
- **On economic data, May's retail sales expanded 0.1% m/m.** Later we will have IP figures for the same month. In Germany, the ZEW expectations index posted a slight improvement to 47.5pts. May's inflation in the Eurozone came in line with preliminary data at 2.6%, with the core at 2.9%. In Mexico, aggregate supply and demand for 1Q24 posted a 1.5% q/q expansion (2.6% y/y), noting growth in imports (4.1% q/q) and private consumption (1.5%), with investment also positive (0.8%)
- **On the monetary front we will be looking into speeches from Barkin, Collins, Logan, Kugler, Musalem, and Goolsbee, this after comments from Harker yesterday on a possible rate cut towards the end of the year.** BoJ Governor, Kazuo Ueda, remarked that a hike is possible in the coming meeting. Meanwhile, Hungary already slashed rated today by 25bps, expecting the decision in Chile later

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Aggregate supply and demand - 1Q24	% y/y	2.1	--	2.6
11:00	International reserves - Jun 14	US\$bn	--	--	219.3
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 30-year Mbono (Jul'53), 10-year Udibono (Aug'34) and 1-, 3-, and 7-year Bondes F				
United States					
8:30	Advance retail sales* - May	% m/m	0.3	0.3	0.0
8:30	Ex autos & gas* - May	% m/m	--	0.4	-0.1
8:30	Control group* - May	% m/m	0.2	0.4	-0.3
9:15	Industrial production* - May	% m/m	0.4	0.3	0.0
9:15	Manufacturing production* - May	% m/m	0.2	0.3	-0.3
10:00	Fed's Barkin Discusses US Economy, Fed				
11:40	Fed's Collins gives keynote remarks at the Lawrence Partnership Annual Meeting				
13:00	Fed's Logan Speaks in Austin				
13:00	Fed's Kugler Speaks on Economy, Monetary Policy				
13:20	Fed's Musalem Gives Speech on Economy, Monetary Policy				
14:00	Fed's Goolsbee Speaks in Panel Discussion				
Chile					
18:00	Monetary policy decision (BCCh)	%	--	5.75	6.00
Japan					
19:50	BoJ minutes				

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

June 18, 2024



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



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,798.00	0.0%
Euro Stoxx 50	4,436.91	0.0%
Nikkei 225	35,619.18	0.0%
Shanghai Composite	2,893.99	0.0%
Currencies		
USD/MXN	17.04	0.0%
EUR/USD	1.09	0.0%
DXY	103.19	0.0%
Commodities		
WTI	72.95	0.0%
Brent	78.78	0.0%
Gold	2,038.24	0.0%
Copper	377.55	0.0%
Sovereign bonds		
10-year Treasury	4.01	0pb

Source: Bloomberg

Equities

- Positive movements in main stock indexes. Particularly in the US, futures show little changes after the S&P 500 and Nasdaq reached new all-time highs in the previous session. The latter stands out by pointing to a positive opening (+0.2%), reflecting the appetite that continues for the technology sector
- In Europe stocks advance, the Eurostoxx adds 0.4%. This, despite the political uncertainty in France. Shares from financial and energy sectors lead gains, while those from consumer staples and consumer discretionary are the only ones falling. In Asia most markets closed positive, highlighting the Nikkei's recovery of +1.0%
- In Mexico, the Mexbol Index may stand above the 52,400pts

Sovereign fixed income, currencies and commodities

- European 10-year benchmark yields fall by 2-4bps. US Treasuries strengthen following retail sales data, with the curve gaining 3-5bps, particularly in the short end, ahead of today's 20-year bond reopening. Yesterday, the Mbonos sold-off 6bps, on average
- The dollar shows better performance against developed market currencies, while the outcome is more positive for EM. The RUB leads the appreciation with a 2% gain, followed by the MXN trading at 18.33 per dollar (+1.2%), offsetting the losses from the last two sessions
- Oil prices are relatively unchanged, trading near monthly highs despite mixed activity data from China. Precious metals continue to show weak performance, mirroring the previous session's dynamics. Copper declines on the back of rising inventories at the LME

Corporate Debt

- HR Ratings affirmed Grupo Vasconia and its VASCONI 19/22L issues ratings at 'HR D' with Review in Process. According to the agency, the rating action is based on the fact that Vasconia has failed to pay interest on its outstanding issues. The total unpaid interest for the VASCONI 22L bond is MXN 68.7 million and for the VASCONI 19 bond it is MXN 44.9 million. Also, it mentions that it has not carried out a restructuring of its financial liabilities
- Fitch Ratings affirmed Grupo Traxión's long-term ratings at 'A+(mex)' with a Stable outlook. According to the agency, the ratings reflect Grupo Traxión's diversified business portfolio within the transportation industry, as well as its leadership position in Mexico in logistics, cargo and people mobility solutions

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,592.98	0.0%
S&P 500	4,783.83	0.0%
Nasdaq	14,972.76	0.0%
IPC	55,501.11	0.0%
Ibovespa	131,520.91	0.0%
Euro Stoxx 50	4,436.91	0.0%
FTSE 100	7,566.96	0.0%
CAC 40	7,383.79	0.0%
DAX	16,547.96	0.0%
Nikkei 225	35,619.18	0.0%
Hang Seng	15,865.92	0.0%
Shanghai Composite	2,893.99	0.0%
Sovereign bonds		
2-year Treasuries	4.22	0pb
10-year Treasuries	4.01	0pb
28-day Cetes	11.26	0pb
28-day TIIE	11.50	0pb
2-year Mbono	9.88	0pb
10-year Mbono	9.03	0pb
Currencies		
USD/MXN	17.04	0.0%
EUR/USD	1.09	0.0%
GBP/USD	1.26	0.0%
DXY	103.19	0.0%
Commodities		
WTI	72.95	0.0%
Brent	78.78	0.0%
Mexican mix	68.33	0.0%
Gold	2,038.24	0.0%
Copper	377.25	0.0%

Source: Bloomberg

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