

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets and USD up, while government bond yields are mixed driven by fresh gains in technology shares and optimism that more central banks will cut interest rates in the coming months, after the Swiss National Bank cut rates for the second time this year
- On the monetary policy front attention to comments from Fed's Barkin, Kashkari and Daly. While the Bank of England left its reference rate unchanged at 5.25%
- Regarding economic figures, in the US the Philadelphia regional manufacturing indicator, the Philly Fed, for June was published at 1.3pts below the consensus estimate of 5.0. Likewise, both housing starts and building permits in May were below expectations. In other regions, the consumer confidence indicator for June in the Eurozone will be released
- In Mexico, INEGI published April's retail sales, up 0.5% m/m (3.2% y/y). Inside, 7 out of the 9 sectors increased, backing the positive result. INEGI also released May's Timely Indicator of Economic Activity, expecting +0.3% m/m (2.0% y/y sa). Inside, both industry and services would grow 0.4% m/m
- Later, the banking sector survey 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



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
7:00	Monetary policy decision (BoE)	%	--	5.25	5.25
Mexico					
8:00	Timely Indicator of Economic Activity* - M	% y/y	--	--	1.7
8:00	Retail sales - Apr	% y/y	0.9	0.9	-1.7
8:00	Retail sales* - Apr	% m/m	-0.3	-0.2	-0.2
16:30	Citibanamex Survey of Economists				
United States					
8:30	Housing starts** - May	thousands	--	1,370	1,360
8:30	Building permits** - May	thousands	--	1,450	1,440
8:30	Initial jobless claims* - Jun 15	thousands	225	235	242
8:30	Philadelphia Fed* - Jun	index	4.0	5.0	4.5
14:00	Fed's Barkin Speaks on Economic Outlook				
Eurozone					
10:00	Consumer confidence - Jun (P)	index	--	-13.8	-14.3

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	5,571.75	0.2%
Euro Stoxx 50	4,919.00	0.7%
Nikkei 225	38,633.02	0.2%
Shanghai Composite	3,005.44	-0.4%
Currencies		
USD/MXN	18.39	-0.2%
EUR/USD	1.07	-0.2%
DXY	105.47	0.2%
Commodities		
WTI	81.83	0.3%
Brent	85.48	0.5%
Gold	2,338.86	0.5%
Copper	454.65	1.2%
Sovereign bonds		
10-year Treasury	4.27	5pb

Source: Bloomberg

Equities

- Advances in the main stock exchanges, while the US is heading for new all-time highs. Following yesterday's holiday, trading will resume and futures on the main stock indexes are pointing to a positive opening of 0.3% on average. Stocks related to chip production advance, with Nvidia up nearly 3.5% extending its lead over the other tech majors (Microsoft and Apple)
- In Europe, there are almost generalized upward movements. The Eurostoxx trades 0.7% higher, with the largest increases in the technology, materials and consumer discretionary sectors. Asia closed negative, with the Hang Seng down 0.5%
- In Mexico we expect the Mexbol Index to continue consolidating around 53,400pts

Sovereign fixed income, currencies and commodities

- USTs reopening after yesterday's holiday with pressures of 1-3bps and the long-end underperforming. Activity in Europe is mixed with gilts gaining 3bps following a dovish bias from the BoE, while France and peripherals appreciate by 1bp. Yesterday, local trading experienced low liquidity, and the Mbonos curve appreciated by ~2bps
- The dollar strengthens with losses in most developed currencies, with CHF (-0.7%) leading in the aftermath of central bank's cut. Balance is also negative in EM, although MXN manages to decouple, appreciating modestly by 0.1% to 18.40 per dollar
- Oil stable, with Brent above 85 \$/bbl as the market awaits today's inventory data from the US. Gold advances by 0.6%, and silver stands out with a 2% rise, marking three consecutive positive sessions. Copper with few changes against increased weakness in other industrials

Corporate Debt

- HR Ratings upgraded Be Grand's rating to 'HR A-' from 'HR BBB+' and BEGRAND 23 issue to 'HR AA-' from 'HR A+'. It also changed the outlook to Stable from Positive. According to the agency, the upgrade revision is mainly based on the growth in both total revenues and EBITDA, which resulted in a 90.9% increase in Free Cash Flow generation in the last twelve months as of 1Q24
- HR Ratings affirmed Fibra HD's ratings at 'HR AA' with Stable Outlook and 'HR1' for the short term. According to the agency, the ratification is based on the deleveraging strategy proposed by Fibra HD's management, which consists of the prepayment of the Trust's debt with resources obtained through the sale of real estate

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,834.86	0.0%
S&P 500	5,487.03	0.0%
Nasdaq	17,862.23	0.0%
IPC	53,323.37	0.2%
Ibovespa	120,261.34	0.5%
Euro Stoxx 50	4,885.45	-0.6%
FTSE 100	8,205.11	0.2%
CAC 40	7,570.20	-0.8%
DAX	18,067.91	-0.4%
Nikkei 225	38,570.76	0.2%
Hang Seng	18,430.39	2.9%
Shanghai Composite	3,018.05	-0.4%
Sovereign bonds		
2-year Treasuries	4.71	0pb
10-year Treasuries	4.22	0pb
28-day Cetes	10.91	-4pb
28-day TIIE	11.25	0pb
2-year Mbono	10.98	1pb
10-year Mbono	10.03	0pb
Currencies		
USD/MXN	18.43	0.1%
EUR/USD	1.07	0.0%
GBP/USD	1.27	0.1%
DX	105.25	0.0%
Commodities		
WTI	81.57	0.0%
Brent	85.07	-0.3%
Mexican mix	75.90	0.0%
Gold	2,328.16	-0.1%
Copper	445.05	0.0%

Source: Bloomberg

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