

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets negative, government bond yields down and USD up, with investors cautious awaiting more economic data, looking for signs of improving economic activity and waning cost pressures that may reinforce bets that the Federal Reserve will be able to start cutting interest rates later this year
- Regarding economic figures, in the US attention on preliminary PMI indicators for services, manufacturing and composite for June, existing home sales and leading indicators for May
- The PMI indices in the Eurozone were lower than expected, increasing the expectation of new rate cuts by the ECB. In the case of the manufacturing sector, a sharp drop was observed in new orders and production while prices posted and increase
- Biden and Trump are preparing for next week's presidential debate (June 27)
- In Mexico, INEGI released April's GDP-proxy IGAE, down 0.6% m/m (5.4% y/y). By sectors, primary activities fell 2.5% m/m, with services (-0.6%) and industry (-0.5%) also negative

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
3:30	GER Manufacturing PMI* - Jun (P)	index	--	46.4	45.4
3:30	GER Services PMI* - Jun (P)	index	--	54.4	54.2
3:30	GER Composite PMI* - Jun (P)	index	--	52.7	52.4
4:00	EZ Manufacturing PMI* - Jun (P)	index	--	47.9	47.3
4:00	EZ Services PMI* - Jun (P)	index	--	53.4	53.2
4:00	EZ Composite PMI* - Jun (P)	index	--	52.5	52.2
4:30	UK Manufacturing PMI* - Jun (P)	index	--	51.1	51.2
4:30	UK Services PMI* - Jun (P)	index	--	53.0	52.9
Mexico					
8:00	Economic activity indicator (IGAE) - Apr	% y/y	5.6	3.7	-1.3
8:00	Economic activity indicator (IGAE)* - Apr	% m/m	-0.6	-0.2	0.3
United States					
9:45	Manufacturing PMI* - Jun (P)	index	51.0	51.0	51.3
9:45	Services PMI* - Jun (P)	index	--	54.0	54.8
9:45	Composite PMI* - Jun (P)	index	--	52.5	54.5
10:00	Existing home sales** - May	millions	--	4.1	4.1

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

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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	5,534.75	-0.2%
Euro Stoxx 50	4,906.89	-0.8%
Nikkei 225	38,596.47	-0.1%
Shanghai Composite	2,998.14	-0.2%
Currencies		
USD/MXN	18.27	-0.6%
EUR/USD	1.07	-0.1%
DXY	105.75	0.1%
Commodities		
WTI	81.12	-1.3%
Brent	85.55	-0.2%
Gold	2,366.90	0.3%
Copper	449.80	-1.4%
Sovereign bonds		
10-year Treasury	4.22	-4pb

Source: Bloomberg

Equities

- Negative bias in main stock indexes, while investors remain cautious about the path for interest rates. We expect high volatility and volumes surging in today's trading session, as it is 'Triple Witching Day' –major expiration of options & futures contracts in the US–. This also coincides with S&P Dow Jones Indices quarterly rebalancing of benchmark indices, including the Mexbol
- In the US, futures anticipate a marginally negative opening. The frenzy related to Artificial Intelligence companies seems to be easing somewhat, after the all-time highs reached by the S&P500 and the Nasdaq last Wednesday
- In Europe, stock markets averaged falls of 0.5%, while in Asia we observed negative closes, highlighting the 1.7% adjustment in the Hang Seng. In Mexico, the Mexbol Index may consolidate close to 53,500pts

Sovereign fixed income, currencies and commodities

- Sovereign bonds gain led by European securities, with German Bunds outperforming (-5bps) in the region. Treasuries rallied in sympathy along the curve, which strengthened by 2-4bps. Intermediate maturities show the strongest performance
- The USD advanced for the second day, poised for its third consecutive week of gains on the DXY. Today, developed currencies trade within narrow ranges though mostly negative. EM currencies followed a similar trend. The MXN diverges again, appreciating by 0.6% to 18.26
- Oil holds stable and near its highest since April, with additional support following a drawdown in US inventories yesterday. Brent is on track for a weekly gain of just under 4%. Gold holds a solid performance since yesterday (+1.4%) against a mixed session in industrial metals

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,134.76	0.8%
S&P 500	5,473.17	-0.3%
Nasdaq	17,721.59	-0.8%
IPC	53,333.04	0.0%
Ibovespa	120,445.91	0.2%
Euro Stoxx 50	4,947.73	1.3%
FTSE 100	8,272.46	0.8%
CAC 40	7,671.34	1.3%
DAX	18,254.18	1.0%
Nikkei 225	38,633.02	0.2%
Hang Seng	18,335.32	-0.5%
Shanghai Composite	3,005.44	-0.4%
Sovereign bonds		
2-year Treasuries	4.74	3pb
10-year Treasuries	4.26	4pb
28-day Cetes	10.90	-1pb
28-day TIIIE	11.25	0pb
2-year Mbono	11.05	7pb
10-year Mbono	9.97	-6pb
Currencies		
USD/MXN	18.37	-0.3%
EUR/USD	1.07	-0.4%
GBP/USD	1.27	-0.5%
DXY	105.59	0.3%
Commodities		
WTI	82.17	0.7%
Brent	85.71	0.8%
Mexican mix	76.47	0.8%
Gold	2,360.09	1.4%
Copper	452.30	1.6%

Source: Bloomberg

Corporate Debt

- CI Banco (Trustee) announced Grupo Axo's intention to early redeem its AXO 16-2 bond on July 25 and the AXO 19-2 issue on July 17, 2024
- The AXO 16-2 / 19-2 issuances have an outstanding amount of MXN 1.65 billion and their legal maturities were scheduled for 2026. It is important to remember that last April 24, HR Ratings upgraded Axo's rating to 'HR AA-' from 'HR A+'. In addition to the HR Ratings' rating, the issuer is also rated 'A+(mex)' with a Stable outlook by Fitch Ratings

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