

## Financial Markets Daily

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

- Stock markets and government bond yields higher, with the USD down. Risk assets stronger on views that US inflationary pressures are declining, with some impulse also on news that China and the EU are starting to talk about possible tariffs to electric vehicles
- On the other hand, Germany's IFO fell to 89.0pts in its expectations component in June, its first decline in five months. We will not have further data in today's session in Mexico and the US, with investors analyzing comments from Mary Daly of the Fed later today
- Market attention this week on Banxico's decision. We anticipate an unchanged rate at 11.00% with unanimous voting. Despite of the latter, we do not rule out one dissenter favoring a 25bps rate cut
- Moreover, May's PCE deflator in the US. After the recent release of consumer and producer prices for the same month, the market sees a decline to 0.0% m/m, with the core also improving to 0.1%
- Monetary policy decisions in Morocco, Philippines, Sweden, Turkey, Czech Republic, and Colombia. We will closely follow the full agenda of Fed and ECB speakers, with the latter also publishing its inflation expectations survey
- Other US data includes the final 1Q24 GDP estimate, housing prices (Apr), new home sales, durable goods orders, trade balance, personal income & spending (May), and consumer confidence (Jun)
- In Mexico, inflation in the first half of June stood at 0.21% 2w/2w, higher than market expectations. Also, several data for May, including the unemployment rate, trade balance, banking credit, and the public finance report. In addition, the National Survey on Financial Health in 2023 will be released on Tuesday

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>United States</b>					
3:00	Waller gives opening remarks in Italy				
14:00	Fed's Daly Gives Remarks on Economy, Policy				
<b>Germany</b>					
4:00	IFO Survey (business climate)* - Jun	index	--	89.6	89.3
<b>Mexico</b>					
8:00	Consumer prices - Jun 15	% 2w/2w	0.34	0.16	-0.20
8:00	Core - Jun 15	% 2w/2w	0.25	0.18	-0.02
8:00	Consumer prices - Jun 15	% y/y	4.92	4.73	4.59
8:00	Core - Jun 15	% y/y	4.26	4.18	4.11

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	5,533.75	0.0%
Euro Stoxx 50	4,946.51	0.8%
Nikkei 225	38,804.65	0.5%
Shanghai Composite	2,963.10	-1.2%
<b>Currencies</b>		
USD/MXN	18.08	-0.2%
EUR/USD	1.07	0.3%
DXY	105.53	-0.3%
<b>Commodities</b>		
WTI	80.87	0.2%
Brent	85.55	0.4%
Gold	2,326.08	0.2%
Copper	440.75	-0.8%
<b>Sovereign bonds</b>		
10-year Treasury	4.27	2pb

Source: Bloomberg

## Equities

- Mixed movements with a positive bias as investors continue weighing the monetary and growth outlook
- US futures are mixed and show little changes. In turn, European stocks advance, with the Eurostoxx up 0.8%. Shares from health care and financial sectors lead, while those from technology the only ones falling. In Asia, most markets closed negative. Finally, in Mexico, we expect a trading range for the IPC this week between 52,000 and 53,800pts
- In corporate news, the trucking company RXO (+11% on pre-market), announced it will acquire Coyote Logistics from UPS for more than US\$1 billion

## Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. Ten-year European rates move between +/-2bps, while Treasuries yields record modest losses of 1bp, with the 10-year reference at 4.27% (+1bp). In Mexico, the Mbonos' curve averaged a 16bps rally last week. With this, the local risk premium declined to 570bps from 594bps a week ago
- Dollar weakens against all G10 currencies, with DKK and EUR (+0.4%) outperforming. In EM, the bias is also positive. The MXN is trading at 18.08 per dollar (+0.2%), extending last week's gains
- Crude-oil futures are up amid signs of rising gasoline demand in the US and healthy air travel, which is aiding the outlook. The balance is mixed for metals

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	39,150.33	0.0%
S&P 500	5,464.62	-0.2%
Nasdaq	17,689.36	-0.2%
IPC	52,788.50	-1.0%
Ibovespa	121,341.13	0.7%
Euro Stoxx 50	4,907.30	-0.8%
FTSE 100	8,237.72	-0.4%
CAC 40	7,628.57	-0.6%
DAX	18,163.52	-0.5%
Nikkei 225	38,596.47	-0.1%
Hang Seng	18,028.52	-1.7%
Shanghai Composite	2,998.14	-0.2%
<b>Sovereign bonds</b>		
2-year Treasuries	4.73	0pb
10-year Treasuries	4.26	0pb
28-day Cetes	10.88	-2pb
28-day TIIE	11.25	0pb
2-year Mbono	10.89	-16pb
10-year Mbono	9.97	1pb
<b>Currencies</b>		
USD/MXN	18.11	-1.4%
EUR/USD	1.07	-0.1%
GBP/USD	1.26	-0.1%
DX	105.80	0.2%
<b>Commodities</b>		
WTI	80.73	-1.8%
Brent	85.24	-0.5%
Mexican mix	76.19	-0.4%
Gold	2,321.98	-1.6%
Copper	442.85	-2.1%

Source: Bloomberg

## Corporate Debt

- For the last week of the month, the auction of two Grupo Fonderia bonds is scheduled for up to MXN 1.5 billion, with a 50% partial guarantee granted by IDB Invest. We will continue to pay attention to the market's appetite for these placements, taking into account their status as new issuer
- Moody's Local MX downgraded the issue IDEI 23+V to 'BB+.mx' from 'A-.mx' and kept the Negative outlook. According to the agency, the rating reduction reflects the deterioration of the credit profile of its issuer 'Internacional de Inversiones'. The leverage calculated by the rating agency has increased significantly in recent months and the company faces a complicated maturity profile for the remainder of 2024

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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