Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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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

Document for distribution among public

Main drivers for the financial markets today...

- **Stock markets and bond yields higher, with USD mixed. Investors react positively to France's first round of parliamentary elections as they suggest an absolute majority will not be reached by Marine Le Pen and allies, while investors prepare for the earnings season**
- **Releases today include June's ISM manufacturing in the US. In Mexico, including family remittances (May), PMIs indicators from IMEF (Jun), and the expectations survey from Banxico**
- **Also, the PMI manufacturing (Jun) in Brazil. Lastly, the ECB central banking forum in Sintra, Portugal, starts today**
- **Market attention this week on key information in the US, such as June's nonfarm payrolls in which we estimate 190 thousand new jobs (consensus: 190k), with the unemployment rate unchanged at 4.0%. Also, the Fed and ECB minutes**
- **Monetary policy decisions in Romania and Poland. Also the minutes in Australia and Colombia, along with comments from various members of the Fed and ECB, including Powell and Lagarde**
- **In events, the UK's general election will be held on Thursday, with US markets closed that day because of Independence Day**
- **Other US figures include job openings, factory orders, trade balance (May), and vehicle sales, ADP employment, and ISM services (Jun)**
- **In Mexico, also gross fixed investment, private consumption (Apr), and the banking sector survey**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
	ECB forum on Central Banking begins in Sintra, Portugal				
8:00	GER Consumer prices - Jun (P)	% y/y	--	2.3	2.4
United States					
9:45	Manufacturing PMI* - Jun (F)	index	51.7	51.7	51.7
10:00	ISM manufacturing* - Jun	index	49.3	49.2	48.7
Mexico					
11:00	Family remittances - May	US$bn	5,896.3	5,730.5	5,422.3
11:00	Survey of expectations (Banxico)				
14:00	Manufacturing PMI (IMEF)* - Jun	index	49.6	--	49.8
14:00	Non-manufacturing PMI (IMEF)* - Jun	index	50.8	--	50.0

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	5,536.00	0.3%
Euro Stoxx 50	4,949.02	1.1%
Nikkei 225	39,631.06	0.1%
Shanghai Composite	2,994.73	0.9%
Currencies		
USD/MXN	18.36	0.2%
EUR/USD	1.07	0.3%
DXY	105.69	-0.2%
Commodities		
WTI	82.13	0.7%
Brent	85.57	-1.0%
Gold	2,336.15	0.4%
Copper	442.65	0.8%
Sovereign bonds		
10-year Treasury	4.43	4pb

Source: Bloomberg

Equities

- July kicks off with advances in the main stock markets, after a 2.1% average drop in USD terms in June in the sample of 30 indices that we regularly follow

- US futures anticipate a positive opening, up 0.2% on average. The S&P500 and the Nasdaq remain near record highs, while the focus will be on how sustainable current valuations are. In Europe, gains prevailed and the Eurostoxx advances 1.1%, with the largest increases in the financial and energy sectors. In particular, BNP Paribas and Societe Generale are up around 5%. Asia closed positive

- In Mexico, after June's 11.5% drop in dollar terms (-5.0% in MXN) for the Mexbol, we anticipate a weekly trading range between 51,600 and 53,300pts

Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. Ten-year European rates rise 5bps on average, with adjustments of up to +9bps in Germany. The Treasuries' yield curve records a steepening bias, adjusting +5bps at the long-end. Last week, Mbonos railled 13bps on average, with the 10-year benchmark closing at 9.86% (-11bps w/w)

- Dollar weakens against most G10 currencies, with EUR (+0.3%) leading gains. In EM, the bias is mixed. The MXN trades at 18.36 per dollar (-0.2%) extending last week's 1.1% depreciation. We expect a weekly trading range between USD/MXN 17.95 and 18.70

- Crude-oil futures up while traders assess China's economic outlook along with geopolitical risks in Europe and the Middle East. Widespread gains in metals, with copper and gold higher by 0.8% and 0.4%, in the same order

Corporate Debt

- June's issued amount totaled MXN 5.5 billion, 81.3% below the same month in 2023, which we attribute to increased caution

- In the first week of July, we expect placement activity to continue with a sustainable structured bond (Future Flow) of the Cuchillo 2 Aqueduct for up to MXN 6.6 billion

- PCR Verum affirmed Consubanco's 'A/M' rating and changed the outlook to Positive from Stable. The Positive outlook follows the improvements seen in the bank's profit generation capacity

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,118.86	-0.1%
S&P 500	5,460.48	-0.4%
Nasdaq	17,732.60	-0.7%
IPC	52,440.02	0.2%
Ibovespa	123,906.55	-0.3%
Euro Stoxx 50	4,894.02	-0.2%
FTSE 100	8,164.12	-0.2%
CAC 40	7,479.40	-0.7%
DAX	18,235.45	0.1%
Nikkei 225	39,583.08	0.6%
Hang Seng	17,718.61	0.0%
Shanghai Composite	2,967.40	0.7%
Sovereign bonds		
2-year Treasuries	4.75	4pb
10-year Treasuries	4.40	11pb
28-day Cetes	10.91	-1pb
28-day TIIE	11.24	0pb
2-year Mbono	10.73	0pb
10-year Mbono	9.92	-2pb
Currencies		
USD/MXN	18.32	-0.7%
EUR/USD	1.07	0.1%
GBP/USD	1.26	0.0%
DXY	105.87	0.0%
Commodities		
WTI	81.54	-0.2%
Brent	86.41	0.0%
Mexican mix	76.70	0.1%
Gold	2,326.75	0.0%
Copper	439.15	1.0%

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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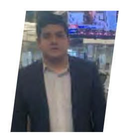

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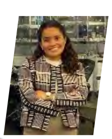

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