BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets positive, USD lower, and government bond yields positive. There is low liquidity as US markets are closed for the Independence Day holiday, waiting for the employment report tomorrow in that country, looking for clues regarding upcoming actions from the central bank**

- **The economic agenda is scarce today, with the US holiday and parliamentary elections in the UK. On the monetary front, we highlight the minutes from the ECB, where members preferred to focus on the current inflation figures to determine the rate cut, leaving aside uncertainty that still exists about inflation's path going forward. Overall, the minutes leave the door open for cuts to continue throughout the year**

- **On the other hand, news about the political environment in different latitudes stand out. Regarding parliamentary elections in the UK, polls give a significant advantage for the Labor Party, this after 14 consecutive years with the government under Conservative rule. Meanwhile, France is preparing for the final election round in a charged environment, with investors grappling with uncertainty related to them**

- **On the US presidential election, Joe Biden said that he will remain in the race. According to people familiar with the matter, Biden expressed that "no one is pushing me out" and "I'm in it to win it". This came out after he got the backing of leading Democratic governors. Meanwhile, Trump, who continues to rise in the polls, has maintained a lower profile after the debate**

- **In Japan, the government is considering the issuance of debt with shorter maturities to spur buying by banks, this according to an official from the Ministry of Finance**

- **In other news, Hurricane Berly continues its path through the Caribbean. It is expected to pass through the south of the Cayman Islands today and then head to the Yucatan Peninsula, possibly touching the state of Quintana Roo tonight or tomorrow morning**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
United States					
	Markets closed due to Independence Day holiday				
Eurozone and UK					
	UK Parliamentary Elections				
7:30	ECB Minutes				

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

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LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster Economic Indicators for Mexico 2023

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,595.75	0.1%
Euro Stoxx 50	4,987.19	0.4%
Nikkei 225	40,913.65	0.8%
Shanghai Composite	2,957.57	-0.8%
Currencies		
USD/MXN	18.11	-0.4%
EUR/USD	1.08	0.1%
DXY	105.18	-0.2%
Commodities		
WTI	83.34	-0.6%
Brent	86.86	-0.5%
Gold	2,357.73	0.1%
Copper	457.00	0.6%
Sovereign bonds		
10-year Treasury	4.36	0pb

Source: Bloomberg

Equities

- **Despite lower liquidity due to the Independence Day holiday in the US, indices are up almost across the board. Investors are weighing the monetary outlook and assessing whether expectations of corporate earnings growth support current valuations**

- **In Europe, gains dominated, with the Eurostoxx up 0.4%, supported by financials and energy companies. Finally, Asia closed with a positive bias, highlighting Japan's Topix (+0.9%), which reached a new all-time high**

- **Continental, an automotive company, is up more than 8.0% in Germany after indicating that strong growth in China is offsetting weaker demand in Europe**

Sovereign fixed income, currencies and commodities

- **Session with low liquidity as US market is closed for Independence Day. In Europe, the 10-year rates rise 2bps, on average. Yesterday, the Mbonos' curve printed modest gains of 4bps, with the 10-year benchmark at 9.93% (-2bps). However, the local risk premium increased 5bps to 557bps due to a better performance in Treasuries**

- **Dollar weakens against most of G10 currencies with JPY (+0.4%) leading gains. In EM, the bias is also positive with BRL (+1.2%) as the strongest. Meanwhile, the MXN trades at 18.10 per dollar (+0.4%), scoring three favorable sessions in a row**

- **Crude-oil futures slip from a two-month high as traders assess lower US crude inventory data and the severity of Hurricane Beryl. Positive balance in metals, with gold and copper adjusting +0.1% and +0.4%, respectively**

Corporate Debt

- **CI Banco (Trustee) reported the total voluntary early amortization of the MOLYMET 23 issue for next July 11, 2024. The total voluntary early amortization will be carried out at the early amortization price, which will be validated two business days before of the date of payment by the Trustee**

- **Moody's Local México affirmed Grupo Minsa's long-term issuer rating at 'BBB+.mx' and changed the outlook to Stable from Negative. The Stable outlook reflects Moody's Local Mexico's expectation that the company will maintain a downward trend in indebtedness, particularly in long-term debt, and that EBITDA margins, together with the liquidity position, will remain aligned with the historical results, in the next 12 to 18 months**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,308.00	-0.1%
S&P 500	5,537.02	0.5%
Nasdaq	18,188.30	0.9%
IPC	52,796.26	1.6%
Ibovespa	125,661.89	0.7%
Euro Stoxx 50	4,965.80	1.2%
FTSE 100	8,171.12	0.6%
CAC 40	7,632.08	1.2%
DAX	18,374.53	1.2%
Nikkei 225	40,580.76	1.3%
Hang Seng	17,978.57	1.2%
Shanghai Composite	2,982.38	-0.5%
Sovereign bonds		
2-year Treasuries	4.71	-4pb
10-year Treasuries	4.36	-7pb
28-day Cetes	11.00	-2pb
28-day TIIE	11.25	0pb
2-year Mbono	10.77	-10pb
10-year Mbono	9.94	-7pb
Currencies		
USD/MXN	18.17	-0.5%
EUR/USD	1.08	0.4%
GBP/USD	1.27	0.4%
DXY	105.40	-0.3%
Commodities		
WTI	83.88	1.3%
Brent	87.34	1.3%
Mexican mix	78.29	1.2%
Gold	2,356.20	1.1%
Copper	453.35	2.6%

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, 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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