

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets with a positive bias, government bond yields lower, and the USD weaker, with trading resuming in the US after the holiday and with investors taking in jobs figures and its implications for upcoming actions from the Fed this year
- In the US, June's employment report showed a creation of 206k positions, slightly better than expected, with the unemployment rate climbing to 4.1%. In addition, the participation rate improved, with wages up at the expected pace. Regarding other figures, Germany's industrial production in May surprised to the downside at -2.5% m/m. In addition, retail sales in the Eurozone in the same month were more modest at +0.1% m/m
- On the political front, the UK's Labour Party won the Parliamentary elections by a wide margin, securing around 412 seats out of the 650 available and ending with the 14-year rule from the Conservative Party. Meanwhile, polls in France suggest that Marine Le Pen's far-right party will fall short of an absolute majority in this weekend's election
- Regarding monetary policy, John Williams (New York) talked earlier today, stating that even though inflation has moderated, there is still a long way to go. In China, the PBoC kept signaling that they are ready to sell government bonds, this after signing agreements with lenders to implement the program
- In other news, President Joe Biden will have an interview with ABC today, being its first unscripted appearance since the debate, with attention centering on his performance as doubts mount regarding his ability to be President once again. Meanwhile, Donald Trump called for a second debate
- In Mexico, hurricane Beryl made landfall north of Tulum as a 'Category 2' storm, with alerts continuing throughout the Yucatán peninsula

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
2:00	GER Industrial production* - May	% m/m	--	0.2	-0.1
4:00	EZ Retail sales* - May	% m/m	--	0.2	-0.5
United States					
5:40	Fed's Williams Gives Keynote Remarks at an event organized by the Reserve Bank of India in Mumbai				
8:30	Nonfarm payrolls* - Jun	thousands	190	188	272
8:30	Unemployment rate* - Jun	%	4.0	4.0	4.0
Mexico					
16:30	Citi Survey of Economists				

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

July 5, 2024



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



[@analisis_fundam](http://www.banorte.com/analiseconomico)

Winners of the award as the best economic forecasters in Mexico by LSEG in 2023



Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,597.00	0.1%
Euro Stoxx 50	5,004.23	0.3%
Nikkei 225	40,912.37	0.0%
Shanghai Composite	2,949.93	-0.3%
Currencies		
USD/MXN	18.03	-0.4%
EUR/USD	1.08	0.2%
DXY	104.98	-0.1%
Commodities		
WTI	83.93	0.1%
Brent	87.38	-0.1%
Gold	2,369.67	0.6%
Copper	468.00	3.1%
Sovereign bonds		
10-year Treasury	4.30	-6pb

Source: Bloomberg

Equities

- Stocks under the MSCI's global index are trading at record highs, as expectations of a less restrictive scenario continue
- The US is resuming operations from yesterday's 'Independence Day' holiday, after new all-time highs reached last Wednesday by both the S&P500 and the Nasdaq. Futures maintain the positive bias as the newly released labor market figures are assimilated. Europe trades with almost widespread gains of 0.4% on average, led by the technology sector. In Asia we observed mixed closes, with the Hang Seng leading the declines with -1.3%. In Mexico, the Mexbol Index could approach to 52,800pts
- On corporate news, Tesla maintains the week's upward trend as orders from China are a sign that Beijing's security concerns are dissipating. Meanwhile, Macy's shares rebound as Arkhouse and Brigade Capital have raised their buyout offer for the company

Sovereign fixed income, currencies and commodities

- Sovereign bonds with positive performance. European securities led the way, advancing ~5bps following the wide Labour's victory in the UK, aligning with projections. Treasuries resumed trading after yesterday's holiday, consolidating gains after mixed US jobs figures. The curve rallies by an average of 6bps, with the short end and the belly outperforming
- Weak USD in indices. Most G10 currencies advanced within narrow ranges, with a better bias for emerging currencies. Positive balance for LatAm, with the MXN appreciating 0.4% to 18.04 per dollar
- Oil is stable and close to a 2-month high, marking the fourth consecutive week of gains. Recent sessions were supported by inventory drawdowns in the US and expectations of tight balances. Metals are mixed, with precious higher

Corporate Debt

- Fitch Ratings downgraded Grupo Vasconia's ratings to 'RD(mex)' from 'C(mex)'. According to the agency, the downgrade is due to the non-payment of interest on the VASCONI 19 issue, whose grace period expired on July 1st, 2024. This could be considered as a cause for early maturity according to the issuance documents
- Grupo Vasconia currently has two long-term issuances outstanding, VASCONI 19 and 22L, with a combined outstanding amount of MXN 862 million and maturities in August 2024 and July 2025. In addition to the Fitch Ratings rating, Grupo Vasconia is rated 'HR D' by HR Ratings

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,308.00	0.0%
S&P 500	5,537.02	0.0%
Nasdaq	18,188.30	0.0%
IPC	52,654.85	-0.3%
Ibovespa	126,163.98	0.4%
Euro Stoxx 50	4,987.48	0.4%
FTSE 100	8,241.26	0.9%
CAC 40	7,695.78	0.8%
DAX	18,450.48	0.4%
Nikkei 225	40,913.65	0.8%
Hang Seng	18,028.28	0.3%
Shanghai Composite	2,957.57	-0.8%
Sovereign bonds		
2-year Treasuries	4.71	0pb
10-year Treasuries	4.36	0pb
28-day Cetes	10.97	-3pb
28-day TIIE	11.25	0pb
2-year Mbono	10.79	3pb
10-year Mbono	9.94	0pb
Currencies		
USD/MXN	18.10	-0.4%
EUR/USD	1.08	0.2%
GBP/USD	1.28	0.1%
DX	105.13	-0.3%
Commodities		
WTI	83.88	0.0%
Brent	87.43	0.1%
Mexican mix	78.29	0.0%
Gold	2,356.69	0.0%
Copper	453.35	0.0%

Source: Bloomberg

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

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 Hernández, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmín 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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
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.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugo.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904