

## Financial Markets Daily

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

- Stock markets and USD mixed, with government bond yields higher. Some relief after France's parliamentary elections, with investors waiting for more information on monetary policy and the kickoff of the US earnings season
- Specifically, the left-wing coalition surprisingly won yesterday's election in France, a heavy blow to the far right led by Marine Le Pen. Nevertheless, political gridlock and instability is likely ahead as no alliance will have the majority needed to govern
- In the US, the New York Fed's report on inflation expectations. Moreover, consumer credit (Jun). No data releases in Mexico
- Market attention this week on prices with June inflation in the US and Mexico. For the former, we estimate 0.1% m/m, with the annual rate from 3.3% in May to 3.1%. In Mexico, we anticipate 0.33% m/m, with the annual metric picking up to 4.87%
- Moreover, we will carefully analyze the minutes of Banxico's latest decision when they kept the reference rate unchanged at 11.00%. Specifically, it will be important to identify the bias of each member about the necessary conditions for an interest rate cut
- Monetary policy decisions in Israel, New Zealand, Korea, Malaysia, and Peru. On the other hand, Jerome Powell of the Fed will testify in the Senate (Tuesday) and the House of Representatives (Wednesday), with speeches also from other members
- Other US data includes only producer prices (Jun) and U. of Michigan consumer confidence (Jul). In other regions, 2Q24 GDP and other June figures in China; industrial production (May) in the UK; and inflation in China and Brazil (Jun)
- In Mexico, a full agenda also with industrial production (May), ANTAD's same store sales, wage negotiations, and consumer confidence (Jun)

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Germany</b>					
2:00	Trade balance - May	EURbn	--	19.9	22.2
<b>United States</b>					
11:00	New York Fed 1-yr inflation expectations - Jun	%	--	--	3.2
15:00	Consumer credit* - May	US\$bn	--	9.0	6.4

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



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### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	5,624.00	0.0%
Euro Stoxx 50	4,996.99	0.4%
Nikkei 225	40,780.70	-0.3%
Shanghai Composite	2,922.45	-0.9%
<b>Currencies</b>		
USD/MXN	18.03	-0.4%
EUR/USD	1.08	0.0%
DX	104.89	0.0%
<b>Commodities</b>		
WTI	82.65	-0.6%
Brent	85.97	-0.7%
Gold	2,375.96	-0.7%
Copper	461.00	-1.0%
<b>Sovereign bonds</b>		
10-year Treasury	4.31	3pb

Source: Bloomberg

## Equities

- Mixed changes in major indices, with investors awaiting the start of the US earnings season on Friday with major banks Citigroup, JPMorgan, and Wells Fargo. Bloomberg consensus estimates S&P500 EPS growth of 8.8% vs. 8.0% in the previous quarter
- US futures anticipate an unchanged opening. Europe trades with gains, with the Eurostoxx up 0.4%, driven by industrials and healthcare. Asia closed with losses and the Hang Seng fell 1.5%
- In Mexico, we anticipate a weekly trading range for the Mexbol Index between 51,500 and 53,400pts. In corporate news, Gap's passenger traffic in June declined 1.9% y/y. Domestic passengers fell 4.7% and international passengers rose 1.7%

## Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. Ten-year European rates hover between +/-2bps and the Treasuries' yield curve losses up to +3bps at the long-end. Last week, Mbonos sold off 10bps on average, with the 10-year benchmark closing at 9.96% (+10bps w/w)
- Dollar virtually unchanged amid a mixed performance in G10 currencies, limited by GBP(+0.2%) and NZD (-0.1%). In EM, the MXN is the strongest as it trades at 18.03 per dollar (+0.4%) extending last week's 1.2% appreciation. We expect a weekly trading range between USD/MXN 17.90 and 18.60
- Crude-oil futures fall after hitting a two-month high amid risk to production as Beryl reaches Texas's coast, becoming hurricane again, and forest fires in Canada. In metals, copper up while gold loses 0.7%

## Corporate Debt

- We do not expect long-term bond placements this week, with activity resuming in the second half of July. Going forward, we see the *pipeline* gradually nurtured for August, highlighting relatively low volumes of maturities expected for July and August 2024
- S&P Global Ratings affirmed its 'mxAA-' rating on Rotoplas and its AGUA 17-2X issue. The outlook remained Stable. The agency expects the company to maintain stable leverage over the next 12 months and a comfortable liquidity position, despite challenging macroeconomic conditions faced in Argentina

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	39,375.87	0.2%
S&P 500	5,567.19	0.5%
Nasdaq	18,352.76	0.9%
IPC	52,333.16	-0.6%
Ibovespa	126,267.05	0.1%
Euro Stoxx 50	4,979.39	-0.2%
FTSE 100	8,203.93	-0.5%
CAC 40	7,675.62	-0.3%
DAX	18,475.45	0.1%
Nikkei 225	40,912.37	0.0%
Hang Seng	17,799.61	-1.3%
Shanghai Composite	2,949.93	-0.3%
<b>Sovereign bonds</b>		
2-year Treasuries	4.60	-10pb
10-year Treasuries	4.28	-8pb
28-day Cetes	11.01	4pb
28-day TIIE	11.25	0pb
2-year Mbono	10.80	1pb
10-year Mbono	9.98	5pb
<b>Currencies</b>		
USD/MXN	18.11	0.0%
EUR/USD	1.08	0.3%
GBP/USD	1.28	0.4%
DX	104.88	-0.2%
<b>Commodities</b>		
WTI	83.16	-0.9%
Brent	86.54	-1.0%
Mexican mix	78.29	0.0%
Gold	2,392.16	1.5%
Copper	465.20	2.6%

Source: Bloomberg

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