BANORTE

Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets mixed with Europe down and America up, government bond yields and USD up. Investors are awaiting hints from Powell, regarding how soon policymakers will be in a position to cut rates. Meanwhile, the curve is pricing-in the first -25bps adjustment in November**

- **On the monetary front, Powell will testify to the Senate Banking Committee. Also, Barr and Bowman will speak on financial inclusion practices at Fed Conference. Treasury Secretary Yellen will testify at the Lower House's Financial Services Committee. Today, NATO's annual summit begins in Washington**

- **Both the US House of Representatives and Senate have caucus meetings this morning, their first full gatherings since the debate, and Biden's situation may be discussed. Lawmakers acknowledged they need a resolution soon**

- **In other regions, the first meeting of the new Parliament of the UK will take place**

- **Regarding economic data, China will publish June's CPI (consensus +0.4% a/a)**

- **In Mexico, INEGI published June's inflation at 0.38% m/m –surprising higher–, with the core at 0.22%. As such, annual inflation accelerated to 4.98% (previous: 4.69%), with the core lower at 4.13% (previous: 4.21%)**

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

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

Document for distribution among public

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Consumer prices - Jun	% m/m	0.28	0.29	-0.19
8:00	Core - Jun	% m/m	0.22	0.23	0.17
8:00	Consumer prices - Jun	% y/y	4.87	4.87	4.69
8:00	Core - Jun	% y/y	4.13	4.14	4.17
8:00	Consumer confidence* - Jun	index	48.9	--	46.7
11:00	International reserves - Jul 5	US$bn	--	--	220.0
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Oct'54) and 2-, and 5-year Bondes F				
United States					
10:00	Fed's Powell Testifies to Senate Banking				
China					
21:30	Consumer prices - Jun	% y/y	--	0.4	0.3

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	5,633.50	0.1%
Euro Stoxx 50	4,919.30	-1.0%
Nikkei 225	41,580.17	2.0%
Shanghai Composite	2,959.37	1.3%
Currencies		
USD/MXN	18.01	0.0%
EUR/USD	1.08	-0.1%
DXY	105.11	0.1%
Commodities		
WTI	81.80	-0.6%
Brent	85.26	-0.6%
Gold	2,359.57	0.0%
Copper	461.75	-0.1%
Sovereign bonds		
10-year Treasury	4.29	1pb

Source: Bloomberg

Equities

- **Caution prevails and mixed movements are registered in the main stock markets, as investors are assessing the monetary and growth outlook**

- **In the US, Nasdaq futures anticipate a slightly positive opening and are up 0.3% above their theoretical value, heading towards new all-time highs. On the other hand, in Europe, losses prevailed and the Eurostoxx fell 1.0%, dragged down by the energy and communication services sectors. Finally, Asia closed with a positive bias, with increases of 2.0% in the Nikkei and 1.3% in the Shanghai**

- **In Mexico, Asur reported a 3.8% y/y increase in passenger traffic in June. The domestic segment had an annual increase of 6.0% and the international segment registered a marginally positive variation of 0.2%**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. 10-year European rates rise 4bps, on average. Meanwhile, Treasuries' curve records modest losses of 1bp at the belly. Yesterday, the Mbonos' curve recorded marginal adjustments. The 10-year benchmark closed 9.95% (-1bp) and the local risk premium remained virtually unchanged at 567bps**

- **Dollar advances against most of the G10 currencies, except for SEK (+0.2%). In EM, the bias is negative with TRY (-0.7%) as the weakest. The MXN trades with few changes near to the psychological level of 18.00 per dollar, after gaining 0.5% yesterday**

- **Crude-oil futures fall for the third day in a row after hitting 2-month high as Texas past the worst of storm Beryl with some infrastructure remaining offline. Widespread losses in metals, except copper (+0.3%)**

Corporate Debt

- **FEMSA announced the partial repurchase of US$206.8 million of its U.S. dollar-denominated Notes due 2050 through a tender offer. The settlement took place on June 20, 2024**

- **HR Ratings downgraded the rating of issue IDEI 23+V (Internacional de Inversiones) to 'HR BBB' from 'HR AA-' and changed the Stable outlook to Negative Watch. The downgrade considers the negative Free Cash Flow generation during the last twelve months as of 1Q24 for MXN 365 million**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,344.79	-0.1%
S&P 500	5,572.85	0.1%
Nasdaq	18,403.74	0.3%
IPC	52,907.69	1.1%
Ibovespa	126,548.34	0.2%
Euro Stoxx 50	4,969.83	-0.2%
FTSE 100	8,193.49	-0.1%
CAC 40	7,627.45	-0.6%
DAX	18,472.05	0.0%
Nikkei 225	40,780.70	-0.3%
Hang Seng	17,524.06	-1.5%
Shanghai Composite	2,922.45	-0.9%
Sovereign bonds		
2-year Treasuries	4.63	2pb
10-year Treasuries	4.28	0pb
28-day Cetes	11.00	-1pb
28-day TIIE	11.25	0pb
2-year Mbono	10.82	2pb
10-year Mbono	9.97	-2pb
Currencies		
USD/MXN	18.01	-0.5%
EUR/USD	1.08	-0.1%
GBP/USD	1.28	-0.1%
DXY	105.00	0.1%
Commodities		
WTI	82.33	-1.0%
Brent	85.75	-0.9%
Mexican mix	76.87	-1.8%
Gold	2,359.13	-1.4%
Copper	461.80	-0.7%

Source: Bloomberg

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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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