BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets positive, government bond yields mixed and the USD lower, with optimism between investors continuing after economic data that suggests the Fed can start with cuts soon, as well as the first corporate results in the US**

- **On economic data, June's producer prices in the US slightly higher than expected at 0.2% m/m (2.6% a/a), expecting later today the confidence figures from the University of Michigan for July. In China, June's trade balance shoed an improvement in exports to 8.6% y/y, albeit with imports negative at -2.3%, pointing to challenges for domestic demand for said country. In Mexico, May's industrial production posted a 0.7% m/m expansion (1.0% y/y), driven by improvements in construction (2.5% m/m) and mining (2.0%), with manufacturing unchanged (0.0%)**

- **Analysts believe Japan intervened once gain in the currency market, being the third one this year, after the release of economic figures in the US yesterday. This is based on a study of the central bank's accounts –spending around US$22 billion–, given that the Minister of Finance and the deputy in charge of the currency have declined to make any comments**

- **In a conference after the NATO meeting, President Biden remarked that he will continue with his reelection campaign, this despite recent pressures for him to step away. It is relevant to note that he made several mistakes, which keep presenting doubts over his capacity for the job**

- **The French government announced that they will increase the amount of bonds to be sold next week, this being a signal that they have confidence that uncertainty triggered by this month's elections is fading out**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Industrial production - May	% y/y	1.4	1.0	5.1
8:00	Industrial production* - May	% m/m	0.9	0.4	-0.5
8:00	Manufacturing output - May	% y/y	0.1	--	3.8
United States					
8:30	Producer prices* - Jun	% m/m	--	0.1	-0.2
8:30	Ex. food & energy*-Jun	% m/m	--	0.2	0.0
10:00	U. of Michigan Confidence*-Jul (P)	index	68.0	68.2	68.2

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

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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

www.banorte.com/analisiseconomico

@analisis_fundam

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,641.00	0.0%
Euro Stoxx 50	5,009.68	0.7%
Nikkei 225	41,190.68	-2.4%
Shanghai Composite	2,971.30	0.0%
Currencies		
USD/MXN	17.73	-0.3%
EUR/USD	1.09	0.2%
DXY	104.33	-0.1%
Commodities		
WTI	83.43	1.0%
Brent	86.02	0.7%
Gold	2,402.33	-0.5%
Copper	449.00	-0.4%
Sovereign bonds		
10-year Treasury	4.22	1pb

Source: Bloomberg

Equities

- **Stock markets end the week with mixed variations, but the prevailing bias is positive. Futures in teh US show little changes, with the S&P500 trading slightly above its theoretical value**

- **Investors are keeping an eye on the 2Q24 earnings season kick-off in the US with figures from major banks. The Bloomberg analyst consensus anticipates an 8.8% y/y increase in earnings per share of S&P500 companies, better than the 8.0% in 1Q24. So far the figures have been mixed, with JPMorgan far exceeding earnings expectations supported by the investment banking business. Wells Fargo with mixed signals and Citigroup with better-than-expected earnings**

- **Europe is trading with widespread gains, with only technology showing declines. The Mexbol could consolidate near 54,000pts**

Sovereign fixed income, currencies and commodities

- **Upward pressures on sovereign bonds in Europe, averaging adjustments of +5bps, driven by increased issuance volumes in France. Treasuries trade with few changes, reversing earlier pressures following PPI data, and maintaining a positive weekly balance, resulting in a steeper yield curve**

- **The dollar is weak with a positive bias in G10 currencies and narrow ranges, while for emerging markets, the balance is positive on the margin. The MXN gains 0.3% to 17.72 per dollar, marking a 2% w/w appreciation**

- **Oil remains positive with strong demand prospects and continued support from inventory drawdowns in the US this week, also benefiting from favorable market sentiment due to expected rate cuts. Precious metals declined, with gold halting a three-day positive streak**

Corporate Debt

- **HR Ratings downgraded Crediclub's rating to 'HR A' from 'HR A+', modifying the Under Review status to Negative Outlook. The downgrade was based on the continued weakening of its financial position in the last two years, where it has shown a financial performance below historical levels**

- **Desarrollos Hidráulicos de Cancún, informed that it entered into a contract for the construction, equipping, commissioning, operation and maintenance of the wastewater treatment plant 'Caribe 2000' in the state of Quintana Roo**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,753.75	0.1%
S&P 500	5,584.54	-0.9%
Nasdaq	18,283.41	-2.0%
IPC	54,422.59	0.3%
Ibovespa	128,293.61	0.8%
Euro Stoxx 50	4,976.13	0.3%
FTSE 100	8,223.34	0.4%
CAC 40	7,627.13	0.7%
DAX	18,534.56	0.7%
Nikkei 225	42,224.02	0.9%
Hang Seng	17,832.33	2.1%
Shanghai Composite	2,970.39	1.1%
Sovereign bonds		
2-year Treasuries	4.51	-11pb
10-year Treasuries	4.21	-7pb
28-day Cetes	10.99	1pb
28-day TIIE	11.25	0pb
2-year Mbono	10.64	-13pb
10-year Mbono	9.84	-10pb
Currencies		
USD/MXN	17.77	-0.4%
EUR/USD	1.09	0.4%
GBP/USD	1.29	0.5%
DXY	104.44	-0.6%
Commodities		
WTI	82.62	0.6%
Brent	85.40	0.4%
Mexican mix	76.61	0.6%
Gold	2,415.48	1.9%
Copper	450.65	-2.2%

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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Directory
Research and Strategy

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

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

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

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

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

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

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

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

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

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

Market Strategy

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

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

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

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

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

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

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

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

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

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

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

Quantitative Analysis

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

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

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

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

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

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

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

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