BANORTE

Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets mixed, government bond yields higher in the US, and USD stronger. Assets react to higher prospects of a Donald Trump victory in the presidential race after a failed assassination attempt on Saturday, while Asia is influenced by lower-than expected 2Q24 GDP in China**

- **No more economic data in the US and Mexico today, with investors focused on comments from Powell of the Fed**

- **Market attention this week on the ECB decision, with consensus and the market anticipating no rate changes. Nevertheless, it will be relevant to watch Lagarde's press conference to gauge potential changes for the rest of the year, with the central bank very data dependent**

- **Other monetary policy decisions in Indonesia, South Africa, and Egypt. China will announce 1- and 5-year loan prime rates. In addition, a plethora of speeches from Fed members, which will also publish the *Beige Book***

- **There will be several political events. We highlight the Republican Convention in the US and the Third Plenum in China, both up to July 18. In the UK, the King will introduce the new Prime Minister. In Europe, a leaders' meeting and the Parliament will vote the possible election of Von Der Leyen for a second term as President of the European Commission**

- **Other US data includes retail sales, industrial production, housing starts, building permits (Jun), and the Philly Fed regional manufacturing indicator (Jul).In Mexico, the agenda includes only the Timely Indicator of Economic Activity (Jun)**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Industrial production* - May	% m/m	--	-0.8	-0.1
Brazil					
8:00	Economic activity - May	% y/y	--	1.0	4.0
8:00	Economic activity* - May	% m/m	--	0.3	0.0
United States					
	The Republican National Convention is held in Milwaukee (through July 18)				
8:30	Empire manufacturing* - Jul	index	-5.0	-6.0	-6.0
12:00	Fed's Powell Interviewed by David Rubenstein				
12:00	Fed's Daly Speaks in Q&A on Economy, Tech				

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	5,688.50	0.4%
Euro Stoxx 50	5,020.25	-0.5%
Nikkei 225	41,190.68	0.0%
Shanghai Composite	2,974.01	0.1%
Currencies		
USD/MXN	17.79	0.9%
EUR/USD	1.09	0.0%
DXY	104.16	0.1%
Commodities		
WTI	82.08	-0.2%
Brent	84.86	-0.2%
Gold	2,418.83	0.3%
Copper	456.20	-0.8%
Sovereign bonds		
10-year Treasury	4.24	5pb

Source: Bloomberg

Equities

- **Negative bias in equity markets, with investors focused on the earnings season with major banks' results and mixed signals. BlackRock (+1.0% pre-market) had better-than-expected earnings and Goldman Sachs (+0.4%) beat expectations**

- **US futures point to a positive opening, rising 0.5% on average. European markets retreat, with the Eurostoxx down 0.5%. Consumer discretionary stocks lead losses. Burberry falls 16.5% after presenting weaker-than-expected results. Asia closed negative, with the Hang Seng down 2.5%**

- **In Mexico, the reporting season will begin this week with Ac, Amx, Kimber and Kof. We expect a weekly trading range for the Mexbol Index between 53,600 and 55,800pts**

Sovereign fixed income, currencies and commodities

- **Negative bias in sovereign bonds. Ten-year European rates hover between +/-1bp. The Treasuries' yield curve steepens, adjusting up to +7bps at the long-end. Last week, Mbonos rallied 19bps on average, with the 10-year benchmark closing at 9.74% (-22bps w/w)**

- **Dollar higher against all G10, with NOK (-0.8%) most pressured. In EM, the bias is also negative, with ZAR as the weakest followed by MXN. The latter trades at 17.79 per dollar (-0.9%), after gaining 2.8% w/w. We expect a weekly range between USD/MXN 17.45 and 18.00**

- **Widespread losses in commodities, except for gold (+0.3%). Nickel (-0.8%) and gasoline (-0.6%) lead the move to the downside, while crude-oil falls modestly due to demand concerns**

Corporate Debt

- **This week we expect July auction activity to begin with a MXN 1.5 billion unsecured bond from Corporación Interamericana de Entretenimiento (CIE 24), as well as a MXN 5.2 billion structured issue from Concesionaria Autopista Perote Xalapa (CPEXACB 24U)**

- **S&P Global Ratings and Moody's Local Mexico assigned 'AAA' ratings to the VWLEASE 24-3 proposed issue and affirmed the 24-2 series following the announcement of its tap issue. The ratings are based on the unconditional and irrevocable guarantee given by its German-based parent company, Volkswagen Financial Services Overseas AG**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,000.90	0.6%
S&P 500	5,615.35	0.6%
Nasdaq	18,398.45	0.6%
IPC	54,953.11	1.0%
Ibovespa	128,896.98	0.5%
Euro Stoxx 50	5,043.02	1.3%
FTSE 100	8,252.91	0.4%
CAC 40	7,724.32	1.3%
DAX	18,748.18	1.2%
Nikkei 225	41,190.68	-2.4%
Hang Seng	18,293.38	2.6%
Shanghai Composite	2,971.30	0.0%
Sovereign bonds		
2-year Treasuries	4.45	-6pb
10-year Treasuries	4.18	-3pb
28-day Cetes	10.99	0pb
28-day TIIE	11.25	0pb
2-year Mbono	10.64	0pb
10-year Mbono	9.84	0pb
Currencies		
USD/MXN	17.62	-0.9%
EUR/USD	1.09	0.4%
GBP/USD	1.30	0.6%
DXY	104.09	-0.3%
Commodities		
WTI	82.21	-0.5%
Brent	85.03	-0.4%
Mexican mix	76.21	-0.5%
Gold	2,411.43	-0.2%
Copper	459.30	1.9%

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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