BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

July 16, 2024

Main drivers for the financial markets today...

- **Stock markets with negative bias, while the S&P Futures are up, government bond yields down and USD slightly up. Investors await fresh insights on whether inflation has cooled enough for the Federal Reserve to begin cutting rates. Meanwhile, the curve is pricing-in first -25bps adjustment for September**

- **Today the Republican National Convention continues, after it was announced yesterday that Trump's running mate would be JD Vance, senator from Ohio, who showed a radical stance on the trade front with China, saying that it is the greatest threat to the United States**

- **On the monetary front, Fed's Kugler will speak at NABE conference in Washington**

- **Regarding economic figures, in the US, June retail sales were published at 0.0% m/m (consensus -0.3%), while the control group came out at +0.9% m/m (consensus +0.2%). The report shows that personal consumption remained solid in 2Q24**

- **Import prices were also announced in the US at 0.0% m/m (consensus -0.2% m/m), with an upward revision the previous month, in a context where some inflationary pressures still remain**

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

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	GER ZEW Survey (Expectations) - Jul	index	--	41.0	47.5
5:00	EZ Trade balance* - May	EURbn	--	17.0	19.4
United States					
8:30	Advance retail sales* - Jun	% m/m	-0.3	-0.2	0.1
8:30	Ex autos & gas* - Jun	% m/m	--	0.3	0.1
8:30	Control group* - Jun	% m/m	0.0	0.2	0.4
14:45	Fed's Kugler Speaks at NABE Conference				
Mexico					
11:00	International reserves - Jul 12	US$bn	--	--	220.4
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 30-year Mbono (Jul'53), 3-year Udibono (Dec'26) and 1-, 3-, and 7-year Bondes F				

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	5,695.75	0.2%
Euro Stoxx 50	4,958.12	-0.5%
Nikkei 225	41,275.08	0.2%
Shanghai Composite	2,976.30	0.1%
Currencies		
USD/MXN	17.73	-0.1%
EUR/USD	1.09	-0.1%
DXY	104.39	0.2%
Commodities		
WTI	80.52	-1.7%
Brent	83.58	-1.5%
Gold	2,434.27	0.5%
Copper	450.15	-0.6%
Sovereign bonds		
10-year Treasury	4.21	-2pb

Source: Bloomberg

Equities

- **Mixed movements in the main stock markets, as investors are weighing recent corporate reports and the monetary outlook**

- **In the US, Nasdaq futures anticipate a slightly positive opening with an increase of 0.3% above its theoretical value. In Europe, falls prevailed. Asia closed with a negative bias, highlighting the Hang Seng's 1.6% decline**

- **Out of 9 of the S&P500 companies that will publish results today, 6 have already released them, with Bank of America (+1.9% in pre-market) positive updating its revenue guidance for the fourth quarter of the year; while Morgan Stanley (-2.9%) failed to beat all market estimates. In Mexico, the earnings season officially kick off today, awaiting America Movil's numbers expected at the market close**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. 10-year European rates decline 3bps, on average. Meanwhile, Treasuries' curve records gain of 3bp at the belly and long-end. Yesterday, the Mbonos' curve recorded modest losses at the long-end with the 10-year benchmark closing at 9.75% (+2bps)**

- **Dollar advances against all G10 currencies, with AUD (-0.4%) leading losses. In EM, the bias is mixed. The MXN trades at 17.73 per dollar (+0.1%), after a 0.8% depreciation yesterday**

- **Crude-oil futures suffer their biggest intraday decline in three weeks as concerns about the Chinese economy. With this, Brent (-1.5%) and WTI (-1.7%) trades at one-month lows. Widespread losses in metals, except for gold that advances 0.5%**

Corporate Debt

- **Fitch Ratings affirmed Industrias Bachoco's 'AAA(mex)' rating. The outlook is Stable. According to the agency, the rating is based on Bachoco's solid business position as a leading producer in the Mexican poultry industry and one of the 10 largest chicken producers worldwide, with vertically integrated operations, an extensive proprietary distribution network and diversified production complexes**

- **Fitch Ratings affirmed the ratings of CEDEVIS 12U and FHIPOCB 17U at 'AAA(mex)vra'. The outlook is Stable. The agency noted that asset performance remains stable and the senior notes continue to amortize following a target amortization schedule**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,211.72	0.5%
S&P 500	5,631.22	0.3%
Nasdaq	18,472.57	0.4%
IPC	54,311.99	-1.2%
Ibovespa	129,320.96	0.3%
Euro Stoxx 50	4,983.11	-1.2%
FTSE 100	8,182.96	-0.8%
CAC 40	7,632.71	-1.2%
DAX	18,590.89	-0.8%
Nikkei 225	41,190.68	0.0%
Hang Seng	18,015.94	-1.5%
Shanghai Composite	2,974.01	0.1%
Sovereign bonds		
2-year Treasuries	4.46	1pb
10-year Treasuries	4.23	5pb
28-day Cetes	10.99	0pb
28-day TIIE	11.25	0pb
2-year Mbono	10.54	-11pb
10-year Mbono	9.76	-8pb
Currencies		
USD/MXN	17.75	0.8%
EUR/USD	1.09	-0.1%
GBP/USD	1.30	-0.2%
DXY	104.19	0.1%
Commodities		
WTI	81.91	-0.4%
Brent	84.85	-0.2%
Mexican mix	76.03	-0.2%
Gold	2,422.27	0.4%
Copper	452.65	-1.4%

Source: Bloomberg

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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