BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets varied with Asia mixed but Europe and US futures down, government bond yields up and USD down. Profit taking in western stock exchanges amid concerns the US will adopt more severe restrictions towards Chinese trade and semiconductors, impacting global tech companies**

- **Today the Republican National Convention continues, and the focus is on national security and foreign policy issues. Likewise, JD Vance is expected to accept his nomination as vice president in the event of Trump's victory in the presidential election**

- **On the monetary policy front, the Beige Book will be published and from the Fed Barkin and Waller will speak**

- **Regarding economic data, in the US, housing starts and construction permits for June were published, with the first at +3.0% m/m, above the consensus expectation of +1.8%, while permits increased 3.4% m/m, well above the +0.1% expected by the consensus. The figures are very positive, but we continue to estimate a negative contribution from residential investment to GDP in 2Q24. Industrial production for June will be released later**

- **In Mexico we will not have relevant economic data**

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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
Eurozone and UK					
	The King's Speech will introduce new UK Prime Minister Keir Starmer's government legislative agenda				
2:00	UK Consumer prices - Jun	% y/y	--	1.9	2.0
2:00	Core - Jun	% y/y	--	3.4	3.5
5:00	EZ Consumer prices - Jun (F)	% y/y	--	2.5	2.5
5:00	Core - Jun (F)	% y/y	--	2.9	2.9
United States					
8:30	Housing starts** - Jun	thousands	--	1,300	1,277
8:30	Building permits** - Jun	thousands	--	1,400	1,399
9:00	Fed's Barkin Speaks on Economy, Q&A				
9:15	Industrial production* - Jun	% m/m	0.3	0.3	0.7
9:15	Manufacturing production* - Jun	% m/m	0.0	0.1	0.9
9:35	Fed's Waller Speaks on Economic Outlook				
14:00	Beige Book				

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	5,662.00	-1.0%
Euro Stoxx 50	4,895.75	-1.1%
Nikkei 225	41,097.69	-0.4%
Shanghai Composite	2,962.86	-0.5%
Currencies		
USD/MXN	17.79	0.7%
EUR/USD	1.09	0.4%
DXY	103.76	-0.5%
Commodities		
WTI	81.50	0.9%
Brent	84.28	0.7%
Gold	2,472.97	0.2%
Copper	443.35	-0.4%
Sovereign bonds		
10-year Treasury	4.19	3pb

Source: Bloomberg

Equities

- **Caution prevails and there is a negative bias in the main stock indexes. In this sense, the shares of semiconductor companies lead the global losses as there is a risk that the US may increase trade restrictions on China. Nvidia and AMD fall more than 4.0% in pre-markets. As a result, Nasdaq futures are down more than 1%**

- **In Europe, losses predominate. ASML Holdings, in particular, saw a drop of more than 8.0%, the largest since 2022. Asia closed with a negative bias, highlighting the 0.5% decline in Shanghai**

- **Of the 13 S&P 500 companies that are due to publish results today, 6 have already released them, most of them better than expected. In Mexico, Amx published mixed figures yesterday, but was favorably surprised by the advance in profitability. At the close, Fibrapl**

Sovereign fixed income, currencies and commodities

- **Pressures on sovereign bonds reversing yesterday's rally. The UK (+4bps) leads losses in Europe, also impacted by higher than expected CPI. The US yield curve continues to flatten, although today's pressures are more focused on the short-end. Yesterday, Mbonos gained 5bps from mid-term maturities onwards**

- **The dollar is weak with all G10 currencies positive, highlighting JPY appreciating 1.1% to its best level in a month. In EM, tone ranges from mixed to positive, with Asian and European currencies leading gains. The MXN is the weakest in the group, trading at 17.79 (-0.7%)**

- **Oil is modestly up, waiting DOE inventory data later today, with the API anticipating a draw. Gold is stable with a positive bias after reaching new record highs yesterday, with a 1.9% surge. Silver and copper are down**

Corporate Debt

- **Fibra Mty informed that it has entered into a bilateral bank unsecured credit facility for a principal amount of up to US$245.4 million at a floating rate of SOFR 1M plus a spread of between 180 and 200bps. According to the press release, the spread would only increase from 180 to 200bps in the event that the ratio of liabilities to assets exceeds 40%, above the internal target of 35%. The loan is unsecured, will be repaid in a single payment at maturity and will have an initial maturity of 5 years**

- **HR Ratings assigned a 'HR AAA' rating to the proposed MOLYMET 24 issuance of Molibdenos y Metales. The rating considers the generation of Free Cash Flow and the company's strength to generate revenues through different locations**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,954.48	1.8%
S&P 500	5,667.20	0.6%
Nasdaq	18,509.34	0.2%
IPC	54,368.00	0.1%
Ibovespa	129,110.38	-0.2%
Euro Stoxx 50	4,947.83	-0.7%
FTSE 100	8,164.90	-0.2%
CAC 40	7,580.03	-0.7%
DAX	18,518.03	-0.4%
Nikkei 225	41,275.08	0.2%
Hang Seng	17,727.98	-1.6%
Shanghai Composite	2,976.30	0.1%
Sovereign bonds		
2-year Treasuries	4.42	-4pb
10-year Treasuries	4.16	-7pb
28-day Cetes	10.89	-10pb
28-day TIIE	11.25	0pb
2-year Mbono	10.57	3pb
10-year Mbono	9.73	-4pb
Currencies		
USD/MXN	17.67	-0.5%
EUR/USD	1.09	0.0%
GBP/USD	1.30	0.0%
DXY	104.27	0.1%
Commodities		
WTI	80.76	-1.4%
Brent	83.73	-1.3%
Mexican mix	74.97	-1.4%
Gold	2,469.08	1.9%
Copper	444.95	-1.7%

Source: Bloomberg

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