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 positive, government bond yields up and USD with small changes, with investors optimistic on encouraging earnings from tech companies and expectations of interest-rate cuts from the Federal Reserve and other central banks also supporting sentiment**

- **On the monetary policy front, the European Central Bank kept its reference rates unchanged with the deposit rate at 3.75%, confirming that this is a gradual accommodative cycle. Later, we will be attentive to Lagarde's conference in search of forward guidance. The monetary policy decision in South Africa will be released, where it is also expected that they will keep their rate unchanged. Markets will also focus on comments from Federal Reserve speakers Logan, Daly and Bowman**

- **Regarding economic figures, in the US the regional manufacturing survey, Philly Fed, for July was published at 13.9pts, above the consensus estimate (2.9pts) and the previous data (1.3pts) adding to the mixed signals in the sector. In addition, the initial jobless claims for the week ending on July 13 stood at 243k, above the 229k estimated by the consensus and the 223k that were observed the previous week. This could be reflecting signs of a weaker labor market**

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 and UK					
2:00	UK Unemployment rate* - May	%	--	4.4	4.4
8:15	Monetary policy decision (ECB)	%	3.75	3.75	3.75
8:45	ECB President Christine Lagarde Holds Press Conference				
United States					
8:30	Initial jobless claims* - Jul 13	thousands	230	230	222
8:30	Philadelphia Fed* - Jul	index	3.0	2.9	1.3
13:45	Fed's Logan Gives Opening Remarks				
18:05	Fed's Daly participates in fireside chat at a conference by the Federal Reserve Banks of Dallas and Atlai				
19:30	Fed's Bowman Gives Keynote Address				
S. African					
	Monetary policy decision (S. African Reserve Ba	%	--	8.25	8.25

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	5,653.50	0.3%
Euro Stoxx 50	4,917.87	0.5%
Nikkei 225	40,126.35	-2.4%
Shanghai Composite	2,977.13	0.5%
Currencies		
USD/MXN	17.76	0.3%
EUR/USD	1.09	-0.1%
DXY	103.86	0.1%
Commodities		
WTI	82.57	-0.3%
Brent	84.73	-0.4%
Gold	2,465.88	0.3%
Copper	430.80	-2.1%
Sovereign bonds		
10-year Treasury	4.18	2pb

Source: Bloomberg

Equities

- **Moderate advances in the stock markets, reflecting some opportunity buying after recent adjustments, with investors digesting positive corporate reports in the aggregate**

- **US futures anticipate a positive opening. Nasdaq trades 0.7% above its theoretical value, this after presenting its worst day since 2022 yesterday. Europe trades with gains, the Eurostoxx advances 0.5% supported by the automotive sector after positive figures from Volvo. Asia closed mixed, highlighting TSMC's report that exceeded expectations supported by the boom in AI development, however, concerns of further restrictions towards China continue**

- **Of 13 S&P500 companies releasing results today, 8 have already done so, most of them better than expected. At close, the focus will be on Netflix. In Mexico, Ac and Kimber numbers are expected**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. The 10-year European rates hover between +/-1bp, while the Treasuries' yield curve prints a steepening bias due to losses of 1bp at the long-end. Yesterday, the Mbonos' curve recorded a sell-off of up to 10bps at the short- and mid-end. The 10-year benchmark closed at 9.75% (+6bps)**

- **Dollar trades virtually unchanged amid a mixed performance in G10 and EM currencies. In the latter group, Latam currencies are in the negative side with a depreciation of up to 1.0% in CLP. The MXN trades at 17.72 per dollar (-0.1%), extending yesterday's losses of 0.2%**

- **Crude-oil futures hold advance as US crude stockpiles logged their third consecutive weekly decline. Widespread losses in metals, excluding nickel (+0.2%) and gold (+0.2%)**

Corporate Debt

- **Grupo Axo informed that it carried out a disbursement under its credit agreement with a group of banks. According to the press release, the issuer intends to use the proceeds of the credit agreement to carry out the replacement of the company's liabilities**

- **HR Ratings upgraded Findep's rating to 'HR A+' from 'HR A', maintaining a Stable outlook. According to the agency, the upgrade revision is based on the improvement of the maturity profile after the prepayment of its unsecured debt instruments, which had legal maturity in July 2024**

- **Fitch Ratings affirmed the rating of Médica Sur and its MEDICA 20 issuance at 'AA(mex)'. According to the agency, the rating incorporates that the business risk of the health services sector is low to moderate**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,198.08	0.6%
S&P 500	5,588.27	-1.4%
Nasdaq	17,996.92	-2.8%
IPC	53,744.78	-1.1%
Ibovespa	129,450.32	0.3%
Euro Stoxx 50	4,891.46	-1.1%
FTSE 100	8,187.46	0.3%
CAC 40	7,570.81	-0.1%
DAX	18,437.30	-0.4%
Nikkei 225	41,097.69	-0.4%
Hang Seng	17,739.41	0.1%
Shanghai Composite	2,962.86	-0.5%
Sovereign bonds		
2-year Treasuries	4.44	2pb
10-year Treasuries	4.16	0pb
28-day Cetes	10.92	3pb
28-day TIIE	11.25	0pb
2-year Mbono	10.65	8pb
10-year Mbono	9.77	5pb
Currencies		
USD/MXN	17.70	0.2%
EUR/USD	1.09	0.4%
GBP/USD	1.30	0.3%
DXY	103.75	-0.5%
Commodities		
WTI	82.85	2.6%
Brent	85.08	1.6%
Mexican mix	76.44	2.0%
Gold	2,458.79	-0.4%
Copper	440.85	-0.9%

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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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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