

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets negative, government bond yields down, and USD up, as a major software crash hit several services worldwide, including travel, trading and banking systems, in what looks to be the largest IT outage ever and threatening to exacerbate a pullback in tech stocks
- Investors continue to assimilate some mixed signals on corporate earnings, while economic data and comments from Federal Reserve members continue supporting the expectation that the US central bank will start cutting rates soon
- Regarding monetary policy, market's attention is on comments from Fed members, including Williams and Bostic
- Yesterday at the Republican National Convention, Trump accepted his party's nomination and gave a speech promising tax cuts, expanded oil drilling, closing the border to illegal immigrants and ending the war between Ukraine and Russia
- In Mexico, INEGI released June's Timely Indicator of Economic Activity, expecting 0.0% m/m (0.9% y/y sa). Inside, industry (0.0% m/m) would stand without changes and services (-0.1%) would slightly fall, consistent with challenging signals for the period

### The most relevant economic data...

|                      | Event/Period                                      | Unit  | Banorte | Survey | Previous |
|----------------------|---|-------|---------|--------|----------|
| <b>Eurozone</b>      |   |       |         |        |          |
| 4:00                 | Current account* - May                            | EURbn | --      | --     | 38.6     |
| <b>Mexico</b>        |   |       |         |        |          |
| 8:00                 | Timely Indicator of Economic Activity* - Jun      | % y/y | --      | --     | 2.0      |
| <b>United States</b> |   |       |         |        |          |
| 10:40                | Fed's Williams Speaks on Panel on Monetary Policy |       |         |        |          |
| 13:00                | Fed's Bostic Gives Closing Remarks                |       |         |        |          |

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

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Winners of the award as the best economic forecasters in Mexico by LSEG in 2023



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### A glimpse to the main financial assets

|                        | Last      | Daily chg. |
|------------------------|-----------|------------|
| <b>Equity indices</b>  |           |            |
| S&P 500 Futures        | 5,601.50  | 0.1%       |
| Euro Stoxx 50          | 4,852.54  | -0.4%      |
| Nikkei 225             | 40,063.79 | -0.2%      |
| Shanghai Composite     | 2,982.31  | 0.2%       |
| <b>Currencies</b>      |           |            |
| USD/MXN                | 17.90     | -0.3%      |
| EUR/USD                | 1.09      | -0.1%      |
| DXY                    | 104.30    | 0.1%       |
| <b>Commodities</b>     |           |            |
| WTI                    | 82.63     | -0.2%      |
| Brent                  | 85.01     | -0.1%      |
| Gold                   | 2,409.17  | -1.5%      |
| Copper                 | 426.10    | -0.1%      |
| <b>Sovereign bonds</b> |           |            |
| 10-year Treasury       | 4.22      | 2pb        |

Source: Bloomberg

## Equities

- Widespread falls in major stock indices. The rotation towards value companies continues, with some mixed signals in corporate earnings results, although it is worth noting that the so-called 'Magnificent 7' have yet to release their figures
- In the US, futures show small changes. Shares of CrowdStrike Inc fell more than 20% after its software caused the biggest IT crash in history through some of Microsoft's cloud servers. In corporate earnings, Netflix stood out, with revenue prospects disappointing analysts
- With ~13% of the figures of companies in the S&P500 a 7.9% rise in profits has been achieved vs. 8.8%e. The positive surprises rate stands at 82.5%. Today's results include American Express, Halliburton and Schlumberger. In Mexico, the figures of Kof are expected

## Sovereign fixed income, currencies and commodities

- Sovereign bonds under pressure with 3-4bps increases for 10-year benchmarks in Europe, while US Treasuries are adjusting upwards by 1-3bps, with the short-end slightly more affected. Yesterday, the Mbonos' curve sold-off 14 on average, heading for a +16bps adjustment for the week
- The USD is strong with all G10 currencies negative. In EM, balance is mixed with Asian currencies leading the losses. LatAm currencies take a breather following a significant depreciation yesterday. The MXN is leading gains in EM, appreciating 0.42% to 17.89 per dollar
- Broadly negative bias for commodities. Oil is down 0.3% alongside declines in other energy futures. In metals, silver (-2.5%) and gold (-1.5%) are falling more sharply, while copper weakens for the fifth consecutive session

## Corporate Debt

- FEMSA announced that it has entered into a definitive agreement with Mill Point Capital LLC, a private equity firm, to divest FEMSA's refrigeration and food service equipment operations, Imbera and Torrey, for a total amount of MXN 8 billion, net of cash and debt
- S&P Global Ratings affirmed Conmex's (Concesionaria Mexiquense) ratings on a global scale of 'BBB' and on a national scale of 'mxAAA'. At the same time, it upgraded the rating of the OPI 15U issuance to 'mxAA' from 'mxAA'. The issuances are backed by the rights to collect revenues from the Circuito Exterior Mexiquense. According to the agency, the growth in traffic volume during the first half of 2024 in the Circuit, which is operated by Conmex, offset the recent increase in the debt of Organización de Proyectos de Infraestructura (OPI), owner of Conmex

## Previous closing levels

|                        | Last       | Daily chg. |
|------------------------|------------|------------|
| <b>Equity indices</b>  |            |            |
| Dow Jones              | 40,665.02  | -1.3%      |
| S&P 500                | 5,544.59   | -0.8%      |
| Nasdaq                 | 17,871.22  | -0.7%      |
| IPC                    | 53,043.00  | -1.3%      |
| Ibovespa               | 127,652.06 | -1.4%      |
| Euro Stoxx 50          | 4,870.12   | -0.4%      |
| FTSE 100               | 8,204.89   | 0.2%       |
| CAC 40                 | 7,586.55   | 0.2%       |
| DAX                    | 18,354.76  | -0.4%      |
| Nikkei 225             | 40,126.35  | -2.4%      |
| Hang Seng              | 17,778.41  | 0.2%       |
| Shanghai Composite     | 2,977.13   | 0.5%       |
| <b>Sovereign bonds</b> |            |            |
| 2-year Treasuries      | 4.47       | 3pb        |
| 10-year Treasuries     | 4.20       | 4pb        |
| 28-day Cetes           | 11.00      | 8pb        |
| 28-day TIIE            | 11.24      | 0pb        |
| 2-year Mbono           | 10.77      | 12pb       |
| 10-year Mbono          | 9.93       | 16pb       |
| <b>Currencies</b>      |            |            |
| USD/MXN                | 17.96      | 1.5%       |
| EUR/USD                | 1.09       | -0.4%      |
| GBP/USD                | 1.29       | -0.5%      |
| DXY                    | 104.17     | 0.4%       |
| <b>Commodities</b>     |            |            |
| WTI                    | 82.82      | 0.0%       |
| Brent                  | 85.11      | 0.0%       |
| Mexican mix            | 76.45      | 0.0%       |
| Gold                   | 2,445.08   | -0.6%      |
| Copper                 | 427.95     | -2.9%      |

Source: Bloomberg

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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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