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 higher except for Asia, government bond yields lower, and USD mixed. Reactions to Joe Biden's announcement that he quits the presidential race in favor of Kamala Harris have been modest, with investors focused on earnings and the outlook for monetary policy. In China, the PBoC picked up support to the economy as it cut 10bps the seven-day repo rate**

- **No data today in the US. In Mexico we will know the banking sector survey of expectations**

- **Market attention this week on the global economy with July PMI indicators in the Eurozone, UK, Germany, and US. For the latter, also the first estimate of 2Q24 GDP. We project 2.2% q/q saar (consensus: 1.9%), with consumption at 1.7%**

- **Monetary policy decisions in Turkey, Canada, and Russia. In addition, the ECB will publish its 1- and 3-year inflation expectations survey, while there will not be speeches from Fed members as the silence period starts ahead of the next decision**

- **Going to the events, Israel's prime minister, Benjamin Netanyahu, will meet with Joe Biden in Washington. Moreover, the US Congress will return to activities after the recess, while there will be a G-20 finance ministers and central bankers' meeting in Brazil**

- **Other US data includes trade balance, existing and new home sales, durable goods orders, personal income & spending, and the PCE deflator (Jun). In other regions, consumer confidence in the Eurozone (Jul); the IFO survey (Jul) in Germany; and inflation (1H-Jul) in Brazil**

- **Mexico's monthly GDP-proxy IGAE rose 0.7% m/m in May (1.6% y/y), while retail sales for the same month grew 0.1% m/m. Remaining data includes the trade balance (Jun) and inflation (1H-Jul)**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Economic activity indicator (IGAE) - May	% y/y	1.8	1.3	5.4
8:00	Economic activity indicator (IGAE)* - May	% m/m	0.8	0.5	-0.6
8:00	Retail sales - May	% y/y	2.8	1.8	3.2
8:00	Retail sales* - May	% m/m	0.9	0.9	0.5
16:30	Citi Survey of Economists				

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

LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster Economic Indicators for Mexico 2023

Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,586.50	0.6%
Euro Stoxx 50	4,897.52	1.5%
Nikkei 225	39,599.00	-1.2%
Shanghai Composite	2,964.22	-0.6%
Currencies		
USD/MXN	18.04	0.0%
EUR/USD	1.09	0.0%
DXY	104.30	-0.1%
Commodities		
WTI	79.62	-0.6%
Brent	82.21	-0.5%
Gold	2,395.75	-0.2%
Copper	422.10	0.0%
Sovereign bonds		
10-year Treasury	4.22	-2pb

Source: Bloomberg

Equities

- **US futures anticipate a positive opening, with the S&P500 0.6% above its theoretical value. Europe trades with gains above 1% on average. Dip-buying after significant declines of the previous week. Asia closed negative, dragged by a weak tech sector**

- **The earnings season is becoming more relevant among investors. The flow will begin to accelerate with 136 companies form the S&P500 due to release results this week. 2 of the 'Magnificent 7', Alphabet and Tesla, stand out tomorrow**

- **In Mexico it will also be a week full of information with 30 companies from the Mexbol Index yet to publish figures. The deadline is on Friday, July 26th. We anticipate a weekly trading range for the Mexbol between 52,400 and 54,400pts. Today Gap, Gmexico(e), Regional and Volar will release earnings**

Sovereign fixed income, currencies and commodities

- **Favorable balance in sovereign bonds. Ten-year European rates fall 1bp on average, with adjustments of up to -3bps in Germany. The Treasuries' yield curve flattens, adjusting -3bps at the long-end. Last week, Mbonos printed a 22bps sell-off on average, with the 10-year benchmark closing at 9.97% (+24bps w/w)**

- **Dollar weakens and JPY (+0.4%) leads gains among G10 currencies. In EM, the bias is mixed, with MXN and BRL as the strongest. The MXN trades close to the 18.00 per dollar psychological level. We expect a weekly trading range between USD/MXN 17.80 and 18.50**

- **Widespread losses in commodities excluding grains. Crude-oil futures down, extending the biggest drop in almost two months seen on Friday of 3.0%**

Corporate Debt

- **This week we expect activity to continue with a Molybdenos y Metales unsecured bond (MOLYMET 24, MXN 2 billion), as well as high dynamism in August with MXN 26.75 billion expected in placements. We also note that issuances have been continuously added to the pipeline, which could compensate for relatively low activity in previous months**

- **Fitch Ratings affirmed Grupo Palacio de Hierro's rating at 'AAA(mex)'. The outlook is Stable. According to the agency, the rating reflects the company's strong market position, brand recognition in Mexico, financial flexibility, and its conservative financial profile. They also consider shareholder support, business line diversification and successful commercial strategy**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,287.53	-0.9%
S&P 500	5,505.00	-0.7%
Nasdaq	17,726.94	-0.8%
IPC	53,678.52	1.2%
Ibovespa	127,616.46	0.0%
Euro Stoxx 50	4,827.24	-0.9%
FTSE 100	8,155.72	-0.6%
CAC 40	7,534.52	-0.7%
DAX	18,171.93	-1.0%
Nikkei 225	40,063.79	-0.2%
Hang Seng	17,417.68	-2.0%
Shanghai Composite	2,982.31	0.2%
Sovereign bonds		
2-year Treasuries	4.51	4pb
10-year Treasuries	4.24	4pb
28-day Cetes	11.04	4pb
28-day TIIE	11.25	0pb
2-year Mbono	10.77	0pb
10-year Mbono	10.00	7pb
Currencies		
USD/MXN	18.05	0.5%
EUR/USD	1.09	-0.1%
GBP/USD	1.29	-0.2%
DXY	104.40	0.2%
Commodities		
WTI	80.13	-3.2%
Brent	82.63	-2.9%
Mexican mix	74.09	-3.1%
Gold	2,400.83	-1.8%
Copper	423.65	-1.0%

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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