

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, government bond yields mixed, and USD down. Weak risk appetite with investors digesting the latest block of quarterly earnings that included lackluster results for Tesla, Deutsche Bank, and LVMH, adding concerns on corporate growth and elevated valuations**
- **On the monetary policy front, the central bank of Canada will announce its monetary policy decision, where the consensus estimates another 25bp cut, which would add a cumulative -50bps so far this year. In the afternoon, Fed's Bowman will participate along with Logan giving opening remarks at a meeting in Dallas**
- **Benjamin Netanyahu will give a speech at a joint session of the US Congress, while Brazilian Finance Minister Fernando Haddad will meet with US Treasury Secretary Janet Yellen**
- **Regrading economic figures, in the US the goods trade balance for June was published with a deficit of -US\$96.8 billion, after -US\$99.4 billion in the previous month. Later, the new home sales report for June will be released, as well as preliminary PMI figures for July**
- **In Mexico, INEGI released inflation for 1H-July at 0.71% 2w/2w –surprising higher once again–, with the core at 0.18%. As such, the annual print accelerated to 5.61% from 5.17% in the previous fortnight, with the core at 4.02% (previous: 4.08%)**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Consumer prices - Jul 15	% 2w/2w	0.42	0.52	0.53
8:00	Core - Jul 15	% 2w/2w	0.15	0.18	0.13
8:00	Consumer prices - Jul 15	% y/y	5.31	5.38	5.17
8:00	Core - Jul 15	% y/y	3.99	4.02	4.08
United States					
8:30	Trade balance* - Jun	US\$bn	--	-98.7	-99.4
9:45	Manufacturing PMI* - Jul (P)	index	51.5	51.7	51.6
9:45	Services PMI* - Jul (P)	index	--	54.8	55.3
9:45	Composite PMI* - Jul (P)	index	--	53.9	54.8
10:00	New home sales** - Jun	millions	--	640	619
16:05	Fed's Bowman, Logan Give Opening Remarks in Dallas				

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.
Equity indices		
S&P 500 Futures	5,546.00	-1.0%
Euro Stoxx 50	4,867.40	-1.0%
Nikkei 225	39,154.85	-1.1%
Shanghai Composite	2,901.95	-0.5%
Currencies		
USD/MXN	18.30	0.8%
EUR/USD	1.09	0.1%
DXY	104.19	-0.2%
Commodities		
WTI	77.77	1.1%
Brent	81.68	0.8%
Gold	2,420.14	0.4%
Copper	413.80	-0.5%
Sovereign bonds		
10-year Treasury	4.22	-4pb

Source: Bloomberg

Equities

- Widespread declines as some corporate reports provide negative figures. Tesla falls 8.3% pre-market after disappointing results, marking the fourth consecutive quarter of missing estimates. Alphabet declines 4.1%, that while beating expectations, spending to develop AI products came in higher than expected
- US futures anticipate a lower opening. Europe trades with declines. In particular, LVMH falls 6.5% after reporting a slowdown in sales in China. Asia closed negative
- In Mexico, Gcc reported weak figures due to lower volumes; Asur continues with double-digit growth; Liverpool reported in line with expectations, although with declines in margins; and Alsea presented a mixed report. Today, the results of 10 Mexbol companies are expected

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds with European securities pressured by ~1bp, while the Treasuries' curve appreciates 1-5bps, with the short-end outperforming. The 2- and 3-year sectors average a decrease of 5bps, resulting in a steeper slope
- The dollar is slightly weak, with JPY (+1%) leading G10 currencies amid reduced risk appetite and stronger conviction regarding a potential rate hike by the BoJ next week. EM currencies are mixed, with LatAm falling. The MXN leads losses with a depreciation of 0.8% to 18.30
- Oil rises by nearly 1%, moderating its recent decline after hitting a six-week low yesterday. Today's session is supported by a potential inventory drawdown in the US, according to API data. Gold is slightly up amid losses in other metals

Corporate Debt

- HR Ratings affirmed Chedraui's ratings at 'HR AAA' with Stable Outlook and 'HR+1' for the short term. The ratification was based on the generation of negative net debt of MXN 2.4 billion as of 1Q24 (vs. MXN -3.9 billion as of 1Q23), explained by the repayment of US\$156 million of a bank loan from its cash generation capacity
- HR Ratings affirmed HIR Casa's ratings at 'HR AA-' with a Stable outlook. The ratification is based on the company's financial situation over the last twelve months, with a decrease in delinquency levels and an adequate solvency position

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,358.09	-0.1%
S&P 500	5,555.74	-0.2%
Nasdaq	17,997.35	-0.1%
IPC	53,707.74	-0.6%
Ibovespa	126,589.84	-1.0%
Euro Stoxx 50	4,916.80	0.4%
FTSE 100	8,167.37	-0.4%
CAC 40	7,598.63	-0.3%
DAX	18,557.70	0.8%
Nikkei 225	39,594.39	0.0%
Hang Seng	17,469.36	-0.9%
Shanghai Composite	2,915.37	-1.6%
Sovereign bonds		
2-year Treasuries	4.49	-3pb
10-year Treasuries	4.25	0pb
28-day Cetes	10.87	-16pb
28-day TIIE	11.25	0pb
2-year Mbono	10.81	5pb
10-year Mbono	10.03	6pb
Currencies		
USD/MXN	18.15	1.1%
EUR/USD	1.09	-0.3%
GBP/USD	1.29	-0.2%
DX	104.45	0.1%
Commodities		
WTI	76.96	-3.5%
Brent	81.01	-1.7%
Mexican mix	72.27	-2.0%
Gold	2,409.64	0.5%
Copper	416.05	-0.9%

Source: Bloomberg

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