

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets down, government bond yields negative, and the USD weakens as investors remain concerned over unfavorable corporate earnings and expecting cuts from the Fed sooner to provide support to the economy
- On economic figures, 2Q24 GDP in the US grew 2.8% q/q saar, better than expected. Inside, the push came from consumption and investment. In addition, weekly jobless claims were more stable at 235 thousand. On a negative note, durable goods orders fell 6.6% m/m. Meanwhile, in Germany, IFO's business climate index declined marginally to 87.0pts. In Brazil, inflation in 1H-July surpassed expectations by accelerating to 4.45%
- On the monetary front, in China, the PBoC surprised markets with a 20bps cut to its benchmark one-year lending rate, following other stimulus actions by the institution. In addition, we will be watching comments from ECB President Christine Lagarde later today. Meanwhile, the yen has strengthened amid expectations that the BOJ will raise its interest rate at the end of the month
- In other news, in his speech before the US Congress, Israeli Prime Minister, Benjamin Netanyahu, defended his country's war against Gaza. Several Democratic congressmen missed this as a criticism of that country's actions
- In electoral matters, it is expected that between August 1st and 7th Democratic Party delegates will confirm the nomination of Kamala Harris as the Presidential candidate

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	GER IFO Survey (business climate)* - Jul	index	--	89.0	88.6
4:00	EZ Monetary aggregates (M3)*-Jun	% y/y	--	1.9	1.6
Brazil					
8:00	Consumer prices - Jul	% m/m	--	0.23	0.39
8:00	Consumer prices - Jul	% y/y	--	4.38	4.06
United States					
8:30	Gross domestic product** - 2Q24	% q/q	2.2	2.0	1.4
8:30	Personal consumption** - 2Q24	% q/q	1.7	2.0	1.5
8:30	Initial jobless claims* - Jul 20	thousands	--	238	243
8:30	Durable goods orders* - Jun (P)	% m/m	--	0.3	0.1
8:30	Ex transportation* - Jun (P)	% m/m	--	0.2	-0.1

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,472.25	0.0%
Euro Stoxx 50	4,784.31	-1.6%
Nikkei 225	37,869.51	-3.3%
Shanghai Composite	2,886.74	-0.5%
Currencies		
USD/MXN	18.37	0.0%
EUR/USD	1.09	0.1%
DX	104.34	0.0%
Commodities		
WTI	76.45	-1.5%
Brent	80.51	-1.5%
Gold	2,371.44	-1.1%
Copper	407.60	-0.6%
Sovereign bonds		
10-year Treasury	4.24	-4pb

Source: Bloomberg

Equities

- Negative sentiment continues, reflecting widespread declines in equity indices. US futures fell 0.2% on average after their worst day since December 2022 due to weak corporate results. Europe trades with losses and Asia closed negative
- Of the 43 S&P500 companies reporting today, most have posted positive surprises. Honeywell and AbbVie stood out. In Mexico, Alfa reported better than expected; Chdraui, Lacomar and Walmex were in line; and Gentera and Lab showed favorable performances
- Cemex reported figures with marginal variations at the operating level. Revenues remained stable, while EBITDA rose 1.5%. Against this backdrop, profitability surprised favorably. The pricing environment remained dynamic and managed to offset the weakness in volumes. Mexico was the main driver

Sovereign fixed income, currencies and commodities

- Favorable balance in sovereign bonds. The 10-year European rates decline 2bps on average, while the Treasuries' yield curve prints a flattening bias due to more gains at the long-end of 6bps. Yesterday, the Mbonos' curve steepened with adjustments of -5bps at the short- and mid-end and +7bps at the long-end. The 10-year benchmark closed at 9.99% (-2bps)
- Dollar is down amid a mixed performance in G10 and EM currencies. In the latter group, RUB (+1.3%) and TRY (-0.8%) are at the extremes. Meanwhile, the MXN trades at 18.42 per dollar (-0.3%), scoring three negative days in a row
- Widespread losses in commodities. The crude-oil falls to six-week lows as soft outlook for China's economy outweighed lower US stockpiles

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,853.87	-1.2%
S&P 500	5,427.13	-2.3%
Nasdaq	17,342.41	-3.6%
IPC	53,168.41	-1.0%
Ibovespa	126,422.73	-0.1%
Euro Stoxx 50	4,861.87	-1.1%
FTSE 100	8,153.69	-0.2%
CAC 40	7,513.73	-1.1%
DAX	18,387.46	-0.9%
Nikkei 225	39,154.85	-1.1%
Hang Seng	17,311.05	-0.9%
Shanghai Composite	2,901.95	-0.5%
Sovereign bonds		
2-year Treasuries	4.43	-6pb
10-year Treasuries	4.28	3pb
28-day Cetes	11.01	14pb
28-day TIIE	11.25	0pb
2-year Mbono	10.78	-3pb
10-year Mbono	10.02	-1pb
Currencies		
USD/MXN	18.37	1.2%
EUR/USD	1.08	-0.1%
GBP/USD	1.29	0.0%
DX	104.39	-0.1%
Commodities		
WTI	77.59	0.8%
Brent	81.71	0.9%
Mexican mix	72.95	0.9%
Gold	2,397.70	-0.5%
Copper	410.90	-1.2%

Source: Bloomberg

Corporate Debt

- HR Ratings affirmed Orbia's rating at 'HR AAA' with a Stable outlook. The ratification is based on the renewal of the US\$1.4 billion committed credit line, which is considered a strength for debt service compliance
- HR Ratings ratified Grupo Palacio de Hierro's rating at 'HR AAA' with a Stable outlook. The ratification is based on the strength of the company's debt metrics, which are at the maximum levels of strength of the curve for each metric

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