Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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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

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields mixed, and USD with small changes, with investors investors assimilating inflation related data in the US, which may help define the timing of Fed's interest rate cuts, while still evaluating the economy's resilience**

- **Delegates to the Democratic National Convention will meet virtually within the next two weeks to confirm Harris as the party's nominee for president. The date of the vote will be set between August 1st and August 7th. Meanwhile, campaign spokesman Kevin Munoz said Harris has directed her team to begin the scrutinizing potential picks to become her running mate**

- **In the US, the June personal income and spending report was released. Real personal consumption rose +0.2% m/m (consensus +0.3%). Meanwhile, the PCE price deflator stood at +0.1% m/m, in line with estimates, with the annual change going from 2.6% to 2.5%, while the PCE core was +0.2% m/m (consensus 0.2%), with the annual change remaining at 2.6%. We consider that the report shows that some price pressures remain, but it still adds to the confidence of Fed members that a sustained path towards the 2.0% target is being followed**

- **In Mexico, INEGI released June's trade balance, posting a US$1,036.9 million deficit. Exports fell 3.4% m/m (-5.7% y/y), noting generalized declines. Imports rebounded 1.9% m/m (-3.6% y/y), boosted by intermediate goods**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Trade balance - Jun	US$mn	449.6	849.8	1,991.2
United States					
8:30	Personal income* - Jun	% m/m	--	0.4	0.5
8:30	Personal spending* - Jun	% m/m	--	0.3	0.2
8:30	Real personal spending* - Jun	% m/m	--	0.2	0.3
8:30	PCE Deflator* - Jun	% m/m	0.1	0.1	0.0
8:30	Core* - Jun	% m/m	0.2	0.2	0.1
8:30	PCE Deflator - Jun	% y/y	2.5	2.4	2.6
8:30	Core - Jun	% y/y	2.6	2.5	2.6
10:00	U. of Michigan Confidence*-Jul (F)	index	67.0	66.3	66.0

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	5,485.50	0.8%
Euro Stoxx 50	4,856.44	0.9%
Nikkei 225	37,667.41	-0.5%
Shanghai Composite	2,890.90	0.1%
Currencies		
USD/MXN	18.32	-0.7%
EUR/USD	1.09	0.1%
DXY	104.35	0.0%
Commodities		
WTI	78.02	-0.3%
Brent	81.99	-0.5%
Gold	2,374.11	0.4%
Copper	412.20	0.2%
Sovereign bonds		
10-year Treasury	4.24	0pb

Source: Bloomberg

Equities

- **Widespread gains in main stock indices. Futures in the US anticipate a positive opening, with the S&P500 trading 0.8% above its theoretical value, on dip-buying, after previous days' falls, while focused on corporate earnings**

- **The reporting season in the US continues to move forward with some mixed signals. We have about 40% of the results of S&P 500 companies and a cumulative increase in profits of 6.5% vs. 8.8%e; the positive surprises rate stands at 78.8%. Among the 8 companies that report today, 3M, Charter Communications, Bristol-Myers & Colgate-Palmolive stand out, with figures above expectations**

- **In Mexico, today is the last day for companies to publish their 2Q24 figures, in a season where, in balance, the recovery in profitability has been greater than expected. Attentive to Pe&oles and Pemex**

Sovereign fixed income, currencies and commodities

- **Mixed performance among sovereign bonds with European securities pressured by ~2bps, except for the UK, while Treasuries gain 1-3bps, reaching their strongest levels of the session following the release of price deflators in the US. Yesterday, Mbonos rallied 4bps**

- **The USD weakens against most G10 currencies, with JPY (-0.2%) moderating the week's gains. In EM, bias is more positive, with Asian currencies with limited losses. ZAR (+0.6%) leads the group along with the MXN, the latter trading at 18.35 per dollar (+0.5%)**

- **Oil prices fall, completing three consecutive weeks of losses in WTI. This benchmark is at 78 $/bbl, near its lowest since mid-June. Mixed bias in metals. Copper trades with small changes, while gold and silver gain modestly**

Corporate Debt

- **Genomma Lab Internacional announced the acquisition of four brands as part of its strategy to strengthen its brand portfolio in the key categories of Isotonic Beverages, Analgesics and Gastro. The total investment was US$25.6 million and the brands had US$21.7 million in sales during the last twelve months**

- **HR Ratings affirmed Korea Eximbank's ratings at 'HR AAA' with Stable Outlook and 'HR+1' for the short term. The ratings affirmation is based on the Bank's explicit financial support from the South Korean government, as defined in the KEXIM Act**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,935.07	0.2%
S&P 500	5,399.22	-0.5%
Nasdaq	17,181.72	-0.9%
IPC	52,931.87	-0.4%
Ibovespa	125,954.09	-0.4%
Euro Stoxx 50	4,811.28	-1.0%
FTSE 100	8,186.35	0.4%
CAC 40	7,427.02	-1.2%
DAX	18,298.72	-0.5%
Nikkei 225	37,869.51	-3.3%
Hang Seng	17,004.97	-1.8%
Shanghai Composite	2,886.74	-0.5%
Sovereign bonds		
2-year Treasuries	4.43	0pb
10-year Treasuries	4.24	-4pb
28-day Cetes	10.96	-5pb
28-day TIIE	11.25	0pb
2-year Mbono	10.74	-4pb
10-year Mbono	9.98	-4pb
Currencies		
USD/MXN	18.45	0.5%
EUR/USD	1.08	0.1%
GBP/USD	1.29	-0.4%
DXY	104.36	0.0%
Commodities		
WTI	78.28	0.9%
Brent	82.37	0.8%
Mexican mix	73.66	1.0%
Gold	2,364.56	-1.4%
Copper	412.55	0.4%

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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