

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed –with those in Europe lower but with US futures higher–, government bond yields are down and increases in crude-oil prices and the USD. The market assimilates gains in the tech sector driven by Meta's report, while tensions in the Middle East prevail
- On the monetary front, the BoE cut its reference rate by 25bps to 5.00%, the first decrease since the pandemic. The forward guidance did not set either the speed or the target for the rate, although markets continue to anticipate additional cuts in the remainder of the year
- In the Eurozone, the final manufacturing PMI for July was revised marginally upwards to 45.8pts, highlighting a positive adjustment in the German figures (+0.6pts to 43.2pts). The same indicator in the UK rose 0.3pts to 52.1pts. However, the private sector data in China returned to negative territory at 49.8pts. In the US, we await these figures and ISM manufacturing later in the day, along with auto sales. In the meantime, jobless claims in this latter country accelerated at the margin to 249 thousand. In Mexico, the focus will be on June's remittances and IMEF indicators for July
- In other news, the electoral race in the US continues to close, with PredictIt reporting a drop in Donald Trump's chance of victory to below 50%, with Kamala Harris taking the lead. In this context Harris received the support of the UAW auto union, while Trump promised to eliminate taxes on social security payments for seniors

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
3:55	GER Manufacturing PMI* - Jul (F)	index	--	42.6	42.6
4:00	EZ Manufacturing PMI* - Jul (F)	index	--	45.6	45.6
4:30	UK Manufacturing PMI* - Jul (F)	index	--	51.8	51.8
7:00	UK Monetary policy decision (BoE)	%	--	5.00	5.25
United States					
8:30	Initial jobless claims* - Jul 27	thousands	235	236	235
9:45	Manufacturing PMI* - Jul (F)	index	49.5	49.5	49.5
10:00	ISM manufacturing* - Jul	index	48.0	48.8	48.5
	Total vehicle sales** - Jul	millions	--	16.2	15.3
Mexico					
11:00	Family remittances - Jun	US\$bn	5,486.5	5,550.0	5,624.5
11:00	Survey of expectations (Banxico)				
14:00	Manufacturing PMI (IMEF)* - Jul	index	48.7	--	49.5
14:00	Non-manufacturing PMI (IMEF)*-Jul	index	51.3	--	51.0

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	5,589.75	0.6%
Euro Stoxx 50	4,830.35	-0.9%
Nikkei 225	38,126.33	-2.5%
Shanghai Composite	2,932.39	-0.2%
Currencies		
USD/MXN	18.56	-0.3%
EUR/USD	1.08	-0.3%
DX	104.21	0.1%
Commodities		
WTI	78.24	0.4%
Brent	81.22	0.6%
Gold	2,452.84	0.2%
Copper	414.65	-0.7%
Sovereign bonds		
10-year Treasury	4.02	-1pb

Source: Bloomberg

Equities

- Stock markets with a positive bias, with investors assimilating the latest corporate reports, as well as awaiting the results of Amazon and Apple at market closed
- US futures anticipate a positive opening with the Nasdaq trading 0.5% above its theoretical value. Pre-market, Meta (+8.7%) rises after reporting positive results and announcing higher-than-expected sales estimates for 3Q24. The news continues to boost the rest of the technology stocks. However, the bullish sentiment in the US did not extend to Europe and markets fell back as a result of negative corporate reports, especially in the automotive and financial sectors. Asia closed with declines
- Of 55 S&P500 companies reporting today, 29 have released their results, most of them better than expected

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. The 10-year European rates decline 2bps. Meanwhile, the Treasuries' curve prints modest gains at the front-end with few changes at the long-end. Yesterday, the Mbonos' curve recorded a 12bps rally with adjustments of up to -28bps in the short-end
- Dollar positive amid a mixed performance in G10 and EM currencies. In the latter, CLP (+0.5%) and HUF (-0.6%) stand at the extremes. The MXN trades at 18.56 per dollar (+0.3%), after a 0.8% appreciation yesterday
- Crude-oil futures rise amid growing geopolitical tensions in the Middle East. Moreover, the attention will be on OPEC+ review meeting later today with no changes to crude-oil policy are expected

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,842.79	0.2%
S&P 500	5,522.30	1.6%
Nasdaq	17,599.40	2.6%
IPC	53,093.96	1.5%
Ibovespa	127,651.81	1.2%
Euro Stoxx 50	4,872.94	0.7%
FTSE 100	8,367.98	1.1%
CAC 40	7,531.49	0.8%
DAX	18,508.65	0.5%
Nikkei 225	39,101.82	1.5%
Hang Seng	17,344.60	2.0%
Shanghai Composite	2,938.75	2.1%
Sovereign bonds		
2-year Treasuries	4.26	-10pb
10-year Treasuries	4.03	-11pb
28-day Cetes	10.97	0pb
28-day TIIE	11.25	0pb
2-year Mbono	10.56	-10pb
10-year Mbono	9.79	-7pb
Currencies		
USD/MXN	18.62	-0.8%
EUR/USD	1.08	0.1%
GBP/USD	1.29	0.2%
DX	104.10	-0.4%
Commodities		
WTI	77.91	4.3%
Brent	80.72	2.7%
Mexican mix	71.95	3.5%
Gold	2,447.60	1.5%
Copper	417.65	2.3%

Source: Bloomberg

Corporate Debt

- Notice of partial early amortization of VANRTCB 21 (Vanrenta' ABS) on August 5th, 2024 for MXN 19.1 million. It is important to remember that on March 19th, HR Ratings upgraded the rating of the issue to 'HR AAA (E)' from 'HR AA+ (E)'. The issuance is backed by the collection rights of a portfolio of lease agreements. The bond currently has an outstanding amount of MXN 86 million and is scheduled to mature in June 2026
- Fitch Ratings affirmed its 'AAA(mex)vra' rating on CASC22U. The outlook is Stable. According to the agency, the rating reflects the risk related to three highway sections in an area of low economic development and limited competition. The debt is backed by the toll collection rights of the Arriaga - Ocozacoautla and Tuxtla Gutiérrez - San Cristóbal de las Casas highways, located in the state of Chiapas

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