

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed, with government bond yields and the USD higher. Risk assets moderated their gains ahead of NVIDIA's results today after the close. Meanwhile, upward pressures on sovereign bond rates continued following weak demand for 40-year bonds in Japan
- On the latter, BoJ Governor Kazuo Ueda promised to monitor the impact that rising long-term bond yields could have on shorter-maturity debt
- On the monetary front, attention will center on the Fed minutes, as well as Banxico's Quarterly Report – with special attention to updated macroeconomic estimates and the participation of Board members of in the question-and-answer session. We will also have a decision in South Korea, where a 25bps cut to 2.50% is expected, while in New Zealand, the central bank has already reduced its target rate by the same amount to 3.25%
- On trade issues, Economy Secretary Marcelo Ebrard indicated that formal negotiations for the revision of USMCA could begin in late September or early October. This is in line with the Secretary's previous comments suggesting that the process would be brought forward
- President Trump indicated that he is exploring options to return Fannie Mae and Freddie Mac to public status, although he commented that the government would maintain its guarantees over the companies but also its supervisory role
- According to Russian sources, one of President Putin's demands for reaching a peace agreement in Ukraine would include a demand that NATO halt its expansion in Eastern Europe. It should be noted that negotiations had deteriorated in recent weeks, with Trump threatening to impose additional sanctions

The most relevant economic data...

Event/Period	Unit	Banorte	Survey	Previous
United States				
4:00 Fed's Kashkari Participates in Moderated Q&A				
14:00 FOMC Meeting Minutes				
Mexico				
14:30 Banxico's Quarterly Report				
South Korea				
Monetary policy decision (Central bank of	%	--	2.50	2.75

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	5,942.75	0.1%
Euro Stoxx 50	5,389.25	-0.5%
Nikkei 225	37,722.40	0.0%
Shanghai Composite	3,339.93	0.0%
Currencies		
USD/MXN	19.28	0.0%
EUR/USD	1.13	-0.1%
DXY	99.71	0.2%
Commodities		
WTI	61.63	1.2%
Brent	64.81	1.1%
Gold	3,313.67	0.4%
Copper	474.45	0.1%
Sovereign bonds		
10-year Treasury	4.45	0pb

Source: Bloomberg

Equities

- Mixed stock markets as investors await Nvidia's earnings. Although the company had already signaled higher expenses due to US restrictions on chip exports to China, sentiment remains positive. Focus will be on its outlook and whether the strong pace of AI-related investments by major tech companies remains sustainable
- US futures point to a slightly higher open. In Europe, the Eurostoxx declines, weighed down by weakness in the pharmaceutical and retail sectors. Stellantis announced a new CEO, while Soitec, semiconductor company, withdrew its guidance. Asia closed negative
- Macy's reported results above expectations, but cut earnings guidance due to higher tariff-related costs, increased promotional activity, and a slowdown in discretionary spending. In Mexico, Asur is trading ex-coupon today, with a dividend of MXN 50.0 per share (yield ~7.5%)

Sovereign fixed income, currencies and commodities

- Upward pressure on sovereign bonds, with yields reacting to weak demand in Japan's 40-year issuance, amid growing concerns over the fiscal trajectory of both Japan and the US. Reports indicate that Japan's MoF will meet with primary dealers, fueling speculation around potential adjustments to auction sizes of ultra-long bonds. European supply is also weighing on today's session, with markets awaiting a 5-year auction in the US. Japan's 10-year yields widened by +5bps, European yields are average +2bps, while USTs +1bp
- The USD is trading mixed, resulting in a modest uptick in indices, with overall tight ranges across G10 and EM currencies. The MXN is trading at 19.28 (unch), maintaining a mild depreciation bias for the week
- Oil is up 1% ahead OPEC+ production headlines, while most base metals are under pressure, with the exception of gold (+0.4%)

Corporate Debt

- Today, the auction of two Sustainable-labeled issues by Fibra Uno, FUNO 25L / 25-2L, will take place for a target amount of MXN 7.5 billion and with 3- and 7-year terms. The bonds are rated at 'AAA' by Fitch and HR Ratings
- PCR Verum downgraded the rating of the issue of Operadora de Servicios Mega, GFMEGA 22X, to 'D/M' from 'C/M'. The rating action is due to the issuer's default event of its number 36 coupon on May 15, 2025
- PCR Verum affirmed Banco Regional's long- and short-term ratings at 'AAA/M' with Stable outlook and '1+/M', respectively. The affirmation is due to the Bank's consolidated business model

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,343.65	1.8%
S&P 500	5,921.54	2.0%
Nasdaq	19,199.16	2.5%
IPC	58,593.83	0.2%
Ibovespa	139,541.23	1.0%
Euro Stoxx 50	5,415.45	0.4%
FTSE 100	8,778.05	0.7%
CAC 40	7,826.79	0.0%
DAX	24,226.49	0.8%
Nikkei 225	37,724.11	0.5%
Hang Seng	23,381.99	0.4%
Shanghai Composite	3,340.69	-0.2%
Sovereign bonds		
2-year Treasuries	3.98	-1pb
10-year Treasuries	4.44	-7pb
28-day Cetes	8.12	-11pb
28-day TIIE	8.79	-1pb
2-year Mbono	8.24	-3pb
10-year Mbono	9.40	-7pb
Currencies		
USD/MXN	19.27	0.1%
EUR/USD	1.13	-0.5%
GBP/USD	1.35	-0.4%
DXY	99.52	0.6%
Commodities		
WTI	60.89	-1.0%
Brent	64.09	-1.0%
Mexican mix	57.28	-1.2%
Gold	3,300.87	-1.3%
Copper	474.00	-2.0%

Source: Bloomberg

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