

## Financial Markets Daily

### Main drivers for the financial markets today...

- **Stock markets, bond yields and USD down. Muted risk appetite and modest losses in world bourses as Middle East tensions escalate, while markets brace for the upcoming Federal Reserve decision. For the latter, we do not anticipate any adjustments to the Fed funds range of 4.25-4.50%. Iran's supreme leader said they will not surrender to Israel and that US military involvement would cause irreparable damage**
- **We expect the Fed's statement will most likely confirm its intention to continue acting with caution and prudence, awaiting further information on Trump's trade policy and its impact. The most relevant aspect will be the update of the dot plot. We expect the median estimate to continue showing -50bp of declines per year for 2025 and 2026. Powell will hold a press conference. Elsewhere, Brazil will announce its monetary policy decision, in which we expect the benchmark rate to hold unchanged at 14.75%**
- **Regarding economic data, US today's agenda includes May housing starts and building permits. In Mexico, INEGI published aggregate supply and demand for 1Q25, which fell -1.1% q/q (-0.2% y/y). Consumption (-0.4% q/q) and investment (-4.0%) contracted. On the external front, exports grew 1.1%, with imports to the downside (-4.3%)**

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>UK</b>					
2:00	Consumer prices - May	% y/y	--	3.3	3.5
2:00	Core - May	% y/y	--	3.5	3.8
<b>Eurozone</b>					
5:00	Consumer prices - May (F)	% y/y	--	1.9	2.2
5:00	Core - May (F)	% y/y	--	2.3	2.3
<b>Mexico</b>					
8:00	Aggregate supply and demand - 1Q25	% y/y	1.5	--	1.9
<b>United States</b>					
8:30	Housing starts** - May	thousands	--	1,360	1,361
8:30	Building permits** - May	thousands	--	1,430	1,422
8:30	Initial jobless claims* - Jun 14	thousands	245	245	248
14:00	FOMC Rate Decision (Upper Bound)	%	4.50	4.50	4.50
14:00	FOMC Rate Decision (Lower Bound)	%	4.25	4.25	4.25
14:00	Interest Rate on Excess Reserves (IOER)	%	4.40	4.40	4.40
14:30	Fed Chair Powell Holds Post-Meeting Press Conference				
<b>Brazil</b>					
17:30	Monetary policy decision (C. bank of Brazil)	%	14.75	14.75	14.75

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.
<b>Equity indices</b>		
S&P 500 Futures	6,048.25	0.2%
Euro Stoxx 50	5,277.55	-0.2%
Nikkei 225	38,885.15	0.9%
Shanghai Composite	3,388.81	0.0%
<b>Currencies</b>		
USD/MXN	18.96	-0.3%
EUR/USD	1.15	0.3%
DX	98.60	-0.2%
<b>Commodities</b>		
WTI	75.22	0.5%
Brent	76.69	0.3%
Gold	3,386.31	-0.1%
Copper	490.35	0.8%
<b>Sovereign bonds</b>		
10-year Treasury	4.37	-2pb

Source: Bloomberg

## Equities

- In a context of growing geopolitical tensions, stock markets are trading lower. Investors are cautious ahead of the Fed's meeting
- US futures are little changed. In Europe, markets are in negative territory, with the Eurostoxx posting losses and all sectors declining, notably Health Care and Materials. Asian markets closed mixed, with gains in Japan and South Korea, and declines in Hong Kong and China
- In Mexico, the Federal Telecommunications Institute (IFT) imposed a fine of MXN 1,782.6 million on Telcel (~2% of AMX's cash as of 1Q25 and ~7% of the EBIT generated by its operations in Mexico) for monopolistic practices related to the commercialization of SIM cards. Separately, the preliminary placement prospectus for FIBRA NEXT was released yesterday. The base offering amount is expected to start at MXN 8,000 million and includes 9 industrial properties

## Sovereign fixed income, currencies and commodities

- Positive bias in sovereign bonds, with Treasuries gaining 1-3bps, particularly in the long end, also supported by a stronger performance in Gilts (-3bps in 10 years) following UK inflation data. The US curve is pricing in implied rate cuts for the Fed totaling -45bps by year-end, with the first full 25bps rate cut priced for October
- USD with modest declines after its strongest rally in a month yesterday. Mixed G10 currencies, holding tight ranges, while EM FX follows a similar trend, with LatAm outperforming. The MXN appreciates 0.3% to 18.96 per dollar, paring back yesterday's 0.5% loss
- Oil prices remain volatile, trading mostly flat yet sustaining a 10% rally over the past five days. Markets are closely monitoring potential disruptions to flows through the Strait of Hormuz. Metals trade sideways, with gold holding steady and industrials seeing modest gains

## Corporate Debt

- Today, Instituto Fonacot will carry out the auction of an unsecured issuance, FNCOT 25, with a target amount of MXN 4.0 billion (max. MXN 8.0 billion) and a 3-year tenor. The securities were assigned a national scale rating of 'AAA' by both Moody's Local and HR Ratings
- Fitch Ratings affirmed América Móvil's international rating (IDR) at 'A-' and revised the outlook to Stable from Positive. The revision reflects Fitch's expectation that the issuer's net leverage will remain above 1.5x and that the CFO-capex to debt ratio will stay below 17.5% over the medium term
- HR Ratings reaffirmed CIE's ratings at 'HR AA+' with a Stable outlook. The affirmation is based on the strength of the company's metrics observed in 2024 and projected for 2025 and 2026

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	42,215.80	-0.7%
S&P 500	5,982.72	-0.8%
Nasdaq	19,521.09	-0.9%
IPC	56,676.82	-0.6%
Ibovespa	138,840.02	-0.3%
Euro Stoxx 50	5,288.68	-1.0%
FTSE 100	8,834.03	-0.5%
CAC 40	7,683.73	-0.8%
DAX	23,434.65	-1.1%
Nikkei 225	38,536.74	0.6%
Hang Seng	23,980.30	-0.3%
Shanghai Composite	3,387.41	0.0%
<b>Sovereign bonds</b>		
2-year Treasuries	3.95	-1pb
10-year Treasuries	4.39	-6pb
28-day Cetes	8.14	1pb
28-day TIIE	8.76	1pb
2-year Mbono	8.19	1pb
10-year Mbono	9.38	-2pb
<b>Currencies</b>		
USD/MXN	19.01	0.5%
EUR/USD	1.15	-0.7%
GBP/USD	1.34	-1.1%
DX	98.82	0.8%
<b>Commodities</b>		
WTI	74.84	4.3%
Brent	76.45	4.4%
Mexican mix	69.90	4.3%
Gold	3,388.11	0.1%
Copper	486.40	-0.6%

Source: Bloomberg

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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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