

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, USD and government bond yields up with growing speculation of a direct involvement of the US in the Israel-Iran war, fueling geopolitical uncertainty and concerns about the inflationary impact of higher fuel prices. Markets in the US will remain closed today for Juneteenth holiday**
- **Iran attacked one of Israel's main hospitals and threatened to spread the conflict to the entire region if the United States intervenes. Following this, the Israeli defense minister threatened Iran's supreme leader. Meanwhile, Israel attacked a heavy water reactor that is part of Iran's nuclear program. Meanwhile, Russia warned the US against military intervention in the war, while China's Xi Jinping called for a ceasefire**
- **On the monetary policy front, China's lending rates decision will be released. No changes are expected**
- **No economic data will be released for the rest of the session**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
	Markets closed for Juneteenth Day				
UK					
7:00	Monetary policy decision (BoE)	%	--	4.25	4.25
Turkey					
7:00	Monetary policy decision (C. Bank of Turkey)	%	--	46.00	46.00
Mexico					
8:00	Timely Indicator of Economic Activity* - May	% y/y	--	--	0.7
China					
21:00	Rate decision 1-year Loan Prime Rate	%	--	3.00	3.00
21:00	Rate decision 5-year Loan Prime Rate	%	--	3.50	3.50

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	6,002.75	-0.5%
Euro Stoxx 50	5,226.71	-0.8%
Nikkei 225	38,488.34	-1.0%
Shanghai Composite	3,362.11	-0.8%
Currencies		
USD/MXN	19.08	0.4%
EUR/USD	1.15	-0.1%
DXY	98.99	0.1%
Commodities		
WTI	76.28	1.5%
Brent	77.74	1.4%
Gold	3,368.10	0.0%
Copper	481.60	-0.8%
Sovereign bonds		
10-year Treasury	4.39	0pb

Source: Bloomberg

Equities

- Negative sentiment in the stock markets due to increased geopolitical tensions between Israel and Iran, and growing speculation about US involvement has increased uncertainty about economic growth and inflation
- US markets will remain closed for the Juneteenth holiday. The Eurostoxx fell 0.8%, with the consumer and technology sectors showing the worst performance. LVMH's decline is notable due to US tariff measures and demand challenges in China
- Finally, in Asia, the Nikkei and Hang Seng fell 1.0% and 2.0%, respectively. In Mexico, after yesterday's slight rise of 0.1% and likely low liquidity due to the US holiday, we could see little movement today, although in line with international peers and consolidating around 56,500 points

Sovereign fixed income, currencies and commodities

- Treasuries' market will remain closed today for holiday, following a mildly positive session in which yields declined by an average of 1bps. In Europe, 10-year yields are trading lower, with losses ranging between 2–5bps. Yesterday, Mbonos posted average gains of 2bps, led by stronger performance in the belly of the curve. The 10-year benchmark Feb'36 closed at 9.37% (unchanged)
- The US dollar is strengthening against most G10 currencies, with the NZD (-0.9%) underperforming. Among EM, the tone is similarly negative, with the PHP (-0.9%) leading the declines. MXN is trading at 19.08 per dollar (-0.4%)
- Crude benchmarks are trending higher, with market focused on the US involvement in the Israel-Iran conflict. Meanwhile, metals are trading negative, with copper and gold slipping 0.5% and 0.1%, respectively

Corporate Debt

- Today, Daimler México will hold an auction for an unsecured debt issuance, DAIMLER 25, with a target amount of MXN 2.0 billion (maximum MXN 3.0 billion), maturing in two years. The issuance carries local ratings of 'mxAAA' by S&P Global and 'AAA.mx' by Moody's Local.
- Fitch Ratings downgraded Desarrollos Hidráulicos de Cancún's and its DHIC 22B notes' ratings to 'A+(mex)' from 'AA+(mex)', while maintaining them on Negative Watch. The downgrade reflects heightened refinancing risk on short-term debt, driven by increased regulatory interference
- Moody's Local México affirmed Banregio's rating at 'AA+.mx' and revised the outlook to Positive from Stable, citing the bank's continued progress and positioning within the Mexican financial sector

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,171.66	-0.1%
S&P 500	5,980.87	0.0%
Nasdaq	19,546.27	0.1%
IPC	56,729.57	0.1%
Ibovespa	138,716.64	-0.1%
Euro Stoxx 50	5,266.91	-0.4%
FTSE 100	8,843.47	0.1%
CAC 40	7,656.12	-0.4%
DAX	23,317.81	-0.5%
Nikkei 225	38,885.15	0.9%
Hang Seng	23,710.69	-1.1%
Shanghai Composite	3,388.81	0.0%
Sovereign bonds		
2-year Treasuries	3.94	-1pb
10-year Treasuries	4.39	0pb
28-day Cetes	8.14	0pb
28-day TIIIE	8.77	1pb
2-year Mbono	8.20	1pb
10-year Mbono	9.36	-2pb
Currencies		
USD/MXN	19.01	0.0%
EUR/USD	1.15	0.0%
GBP/USD	1.34	-0.1%
DX	98.91	0.1%
Commodities		
WTI	75.14	0.4%
Brent	76.70	0.3%
Mexican mix	70.23	0.5%
Gold	3,369.38	-0.6%
Copper	490.60	0.9%

Source: Bloomberg

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