

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets higher, USD lower, and government bond yields mixed, with markets cautiously optimistic for a lasting resolution of the conflict between Israel and Iran, after Trump's ceasefire announcement. This caused a slump in oil prices, reducing inflationary pressures
- Yesterday, Donald Trump declared a ceasefire between Israel and Iran. While an agreement initially appeared to have been reached, the three parties have accused each other of violating said measures. Negotiations in the Senate on the fiscal package continue, with Republicans in said body proposing a US\$40,000 cap on SALT deductions
- Regarding economic data, in Germany, the IFO business climate improved to 88.4pts in June. In Mexico, inflation for the 1st half of June came in at 0.10% 2w/2w, with the core at 0.22%. This resulted in a moderation in the annual print for the former to 4.51%, with the latter at 4.20%. Later in the US, we expect April's housing prices and June's consumer confidence. On the monetary front, Jerome Powell's appearance before the House's Financial Services Committee, as well as the contributions of other members of the institution, are noteworthy. In Brazil, COPOM minutes maintained a hawkish tone, with concerns about inflation

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
7:00	COPOM minutes				
Mexico					
8:00	Consumer prices - Jun 15	% 2w/2w	0.06	0.12	0.19
8:00	Core - Jun 15	% 2w/2w	0.17	0.18	0.15
8:00	Consumer prices - Jun 15	% y/y	4.47	4.52	4.62
8:00	Core - Jun 15	% y/y	4.15	4.15	4.15
11:00	International reserves - Jun 20	US\$bn	--	--	241.2
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 10-year Mbono (Feb'36), 10-year Udibono (Aug'34) and 2-, 5- and 10-year Bondes F				
United States					
9:00	S&P/CoreLogic housing prices - Apr	% y/y	--	--	4.1
9:15	Fed's Hammack Speaks on Monetary Policy				
10:00	Consumer confidence* - Jun	index	97.0	99.0	98.0
10:00	Fed's Powell Testifies Before House Committee				
12:30	Fed's Williams Gives Keynote Remarks				
14:00	Fed's Collins speaks at event co-hosted by the Joint Center for Housing Studies at Harvard University				
16:00	Fed's Barr gives welcoming remarks at Kansas City Fed's Fed listens event				

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	6,121.75	0.7%
Euro Stoxx 50	5,293.10	1.4%
Nikkei 225	38,790.56	1.1%
Shanghai Composite	3,420.57	1.2%
Currencies		
USD/MXN	19.05	-0.4%
EUR/USD	1.16	0.2%
DX	97.99	-0.4%
Commodities		
WTI	65.64	-4.2%
Brent	68.44	-4.3%
Gold	3,312.76	-1.7%
Copper	488.75	0.8%
Sovereign bonds		
10-year Treasury	4.35	0pb

Source: Bloomberg

Equities

- Appetite for risky assets leads to advances in the main stock indexes. Investor confidence has been supported by the possibility of a decrease in geopolitical tensions in the Middle East. Based on the above, airlines rise in pre-market: American Airlines (+2.3%) and Delta Air Lines (+1.6%)
- In the US, futures anticipate a bullish opening, and the Nasdaq rises 1.0% above its theoretical value. Europe trades with gains and the Eurostoxx is climbing 1.4%, supported mainly by financials and industrials. However, energy companies fall due to the recent losses in oil prices. Finally, Asia closed with increases, highlighted by the Hang Seng (+2.1%) and the Shanghai (+1.2%)
- In corporate news, Google is reportedly facing increased scrutiny by the UK antitrust authorities due to its online search and advertising business

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. Treasuries' curve steepens with 2bps gains in the short-end and 1bp losses in the long-end. Meanwhile, 10-year rates in Europe with negative bias, with losses of up to 4bps. Yesterday, Mbonos' curve flattened with 2bps gains in the short-end and few changes in the long-end
- US dollar negative, losing against all G10 currencies, with NZD (+0.9%) as the strongest. In EM the bias is also positive, with Asian currencies leading the gains. The MXN appreciates 0.4% to 19.05 per dollar, extending yesterday's gains
- Widespread gains in crude oil benchmarks but fluctuating after the ceasefire announcement between Israel and Iran, with the main benchmarks down 3.7%. Metals mixed with copper up 0.3% and gold down 1.8%

Corporate Debt

- Today, Inversiones CMPC is set to launch a green bond offering, CMPC 25V, for MXN 1.6 billion (max. MXN 3.2 billion) with a three-year tenor and a floating-rate coupon. The issuance has been assigned ratings of 'AAA(mex)' by Fitch Ratings and 'HR AAA' by HR Ratings
- Additionally, Médica Sur will auction two sustainable bonds, MEDICA 25X / 25-2X, for a combined amount of up to MXN 1.0 billion, with maturities of three and five years, respectively. These securities were rated 'AA(mex)' by Fitch Ratings and 'HR AAA' by HR Ratings
- Moody's Local México downgraded NR Finance México's debt rating to 'A+.mx' from 'AA+.mx'. The downgrade reflects a deterioration in the financial profile of its guarantor, Nissan Motor Acceptance Company. Nevertheless, the agency maintains a view of NR Finance México as a financially sound entity within the Mexican market

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,581.78	0.9%
S&P 500	6,025.17	1.0%
Nasdaq	19,630.97	0.9%
IPC	56,097.71	-0.3%
Ibovespa	136,550.50	-0.4%
Euro Stoxx 50	5,221.90	-0.2%
FTSE 100	8,758.04	-0.2%
CAC 40	7,537.57	-0.7%
DAX	23,269.01	-0.3%
Nikkei 225	38,354.09	-0.1%
Hang Seng	23,689.13	0.7%
Shanghai Composite	3,381.58	0.6%
Sovereign bonds		
2-year Treasuries	3.86	-4pb
10-year Treasuries	4.35	-3pb
28-day Cetes	8.15	2pb
28-day TIIE	8.77	0pb
2-year Mbono	8.26	2pb
10-year Mbono	9.47	-1pb
Currencies		
USD/MXN	19.13	-0.3%
EUR/USD	1.16	0.5%
GBP/USD	1.35	0.5%
DX	98.42	-0.3%
Commodities		
WTI	68.51	-8.6%
Brent	71.48	-7.2%
Mexican mix	65.37	-7.2%
Gold	3,368.48	0.0%
Copper	490.25	0.4%

Source: Bloomberg

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