

## Financial Markets Daily

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

- **Stock markets, government bond yields, and the USD positive.** Investors are digesting today's US employment figures, although they are still awaiting tomorrow's report from the BLS. Furthermore, trade talks continue, with Trump reaffirming that there will be no extension of the deadline for imposing tariffs (July 9th)
- **Today, the House of Representatives will vote on President Trump's fiscal proposal, which passed the Senate yesterday.** Republicans only have a three-vote margin, so dissent within the party could halt the bill's passage
- **On trade issues, Japan indicated that it is restarting negotiations with the US in 'good faith', with Prime Minister Shigeru Ishiba stating that his country will work to reduce its deficit, but that the US needs to produce cars that meet Japanese safety standards**
- **Regarding economic data, in the US, the ADP private employment report for June showed a loss of 33,000 jobs, lower than anticipated. Additionally, the figure for the previous month was revised downward to +29,000. In the Eurozone, the unemployment rate in May increased to 6.3%. In Brazil, industrial production for the fifth month of the year fell 0.5% mom-to-mom (3.3% y/y)**
- **On geopolitical issues, the US has halted the transfer of artillery and air defense munitions to Ukraine. On the other hand, Israel agreed to the conditions for a ceasefire in Gaza, although Hamas has yet to adhere to the plan**
- **On the monetary front, the ECB's central banking forum concludes today in Sintra, Portugal, awaiting closing remarks from its president, Christine Lagarde. In the US, we do not speeches from Fed speakers**

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	Unemployment rate* - May	%	--	6.2	6.2
<b>Brazil</b>					
8:00	Industrial production - May	% m/m	--	3.5	-0.3
8:00	Industrial production* - May	% y/y	--	-0.5	0.1
<b>United States</b>					
8:15	ADP employment* - Jun	thousands	75	95	37
<b>China</b>					
21:45	Services PMI (Caixin)* - Jun	index	--	50.9	51.1
21:45	Composite PMI (Caixin)* - Jun	index	--	--	49.6

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	6,243.00	-0.1%
Euro Stoxx 50	5,299.95	0.3%
Nikkei 225	39,762.48	-0.6%
Shanghai Composite	3,454.79	-0.1%
<b>Currencies</b>		
USD/MXN	18.76	0.1%
EUR/USD	1.18	-0.3%
DXY	96.82	0.0%
<b>Commodities</b>		
WTI	66.20	1.1%
Brent	67.87	1.1%
Gold	3,346.03	0.2%
Copper	513.60	0.7%
<b>Sovereign bonds</b>		
10-year Treasury	4.28	4pb

Source: Bloomberg

## Equities

- Markets are trading higher, with investors closely monitoring ongoing trade negotiations. While tensions persist, risk appetite remains stable and major indices continue to hover near all-time highs
- US futures point to a slightly positive open. In Europe, markets are up, led by strength in the Energy and Consumer Discretionary sectors, while Technology and Real Estate lag. In Asia, markets closed mixed
- Santander has agreed to acquire the British operations of Sabadell, a move that would make it the third-largest lender in the UK by loan volume. Meanwhile, shares of Domino's fell 26% following the resignation of its CEO. In Mexico, Femsa completed the sale of its logistics business to Traxión for MXN 4.04 billion (~3.7% of its cash position)

## Sovereign fixed income, currencies and commodities

- Steepening in yield curves as front-end USTs rally following the ADP employment miss, while longer durations remain under pressure, widening by 2–4bps amid fiscal uncertainty in the UK and questions surrounding the tenure of its Chancellor
- The USD pares early gains, retreating along the compression in short-term rates and rising market expectations for Fed rate cuts. Most G10 currencies remain in negative territory, down as much as 0.5%, with the EUR hovering just below 1.18. The MXN trades at 18.74 (unch)
- Oil prices climb 1–2%, extending gains for a second consecutive session. The unwinding of the geopolitical risk premium has allowed for more stable trading this week, ahead of Sunday's OPEC+ meeting, where a potential output hike could be announced. Metals are broadly higher within tight ranges, with gold up 0.2%

## Corporate Debt

- Today, Nacional Financiera (NAFIN) will auction a bank bond, NAFR 25, with a target amount of MXN 10 billion (maximum of MXN 15 billion) and a three-year maturity. The security is rated 'AAA' on the local scale by S&P Global, Fitch Ratings, and Moody's Local.
- HR Ratings affirmed Chedraui's credit ratings at 'HR AAA' with a Stable outlook, and its short-term rating at 'HR+1'. The rating action is underpinned by the company's negative net debt position at the close of 2023 and 2024, a trend the agency expects will persist over the forecast horizon

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	44,494.94	0.9%
S&P 500	6,198.01	-0.1%
Nasdaq	20,202.89	-0.8%
IPC	57,813.82	0.6%
Ibovespa	139,549.43	0.5%
Euro Stoxx 50	5,282.43	-0.4%
FTSE 100	8,785.33	0.3%
CAC 40	7,662.59	0.0%
DAX	23,673.29	-1.0%
Nikkei 225	39,986.33	-1.2%
Hang Seng	24,072.28	0.0%
Shanghai Composite	3,457.75	0.4%
<b>Sovereign bonds</b>		
2-year Treasuries	3.77	5pb
10-year Treasuries	4.24	1pb
28-day Cetes	7.70	-33pb
28-day TIIIE	8.40	10pb
2-year Mbono	8.25	4pb
10-year Mbono	9.32	1pb
<b>Currencies</b>		
USD/MXN	18.74	0.0%
EUR/USD	1.18	0.2%
GBP/USD	1.37	0.1%
DX	96.82	-0.1%
<b>Commodities</b>		
WTI	65.45	0.5%
Brent	67.11	-0.7%
Mexican mix	61.59	0.8%
Gold	3,338.84	1.1%
Copper	509.95	0.3%

Source: Bloomberg

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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