

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets mixed, with government bond yields and the USD up. Some caution ahead of the July 9 deadline for the imposition of tariffs by the US. In this regard, President Trump could announce some deals today, while in other instances, an extension to reach an agreement could be granted up to August 1st. Moreover, he threatened with a 10% additional levy to countries that align themselves with the policies of the BRICS**
- **No relevant data will be released today in the US. In Mexico, the only relevant publication will be the banking sector survey. Prime Minister Netanyahu and President Trump will meet at the White House today**
- **Market attention this week on July 9, the expiration date for the pause in reciprocal tariffs from the US. In this backdrop, President @realDonaldTrump said last week that he is not considering an extension. In this context, the only agreements so far are with the UK, China, and Vietnam. Despite some progress, uncertainty remains high about cases such as Japan and the European Union, as a deal with them has remained somewhat elusive**
- **In monetary policy, we highlight the minutes from the Fed and Banxico. Moreover, policy decisions in Israel, Australia, New Zealand, South Korea, and Peru. The New York Fed will publish its survey of inflation expectations**
- **The rest of US data includes only consumer credit (May). In other regions we highlight the trade balance (Jun) in China; industrial production (May) in the UK; and retail sales (May) and inflation (Jun) in Brazil**
- **Several figures in Mexico. We estimate June's inflation at 0.28% m/m, consistent with an annual rate of 4.3%. In addition, industrial production (May) and wage negotiations (Jun). We will publish Banorte's Housing Price Index for June**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
2:00	GER Industrial production* - May	% m/m	--	-0.2	-1.4
5:00	EZ Retail sales* - May	% m/m	--	-0.6	0.1
Mexico					
16:30	Citi Survey of Economists				

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	6,313.25	-0.2%
Euro Stoxx 50	5,324.20	0.7%
Nikkei 225	39,587.68	-0.6%
Shanghai Composite	3,473.13	0.0%
Currencies		
USD/MXN	18.75	0.7%
EUR/USD	1.17	-0.4%
DXY	97.37	0.2%
Commodities		
WTI	66.96	-0.1%
Brent	68.66	0.5%
Gold	3,301.66	-1.1%
Copper	499.40	-2.0%
Sovereign bonds		
10-year Treasury	4.36	1pb

Source: Bloomberg

Equities

- Stock markets mixed due to trade tensions as Trump mentioned he will impose unilateral tariffs on dozens of countries in the coming days. He highlighted August 1st as the deadline for the start of higher levies on countries with which no agreement has been reached
- US futures anticipate a negative opening, with the S&P500 falling -0.2%). The Eurostoxx is higher (+0.6%), highlighting the Financial and Tech sectors. Asia declined
- Tesla fell (-0.7%) after Elon Musk mentioned that he will form a new political party called "American Party." Apple (-0.5%) appealed a fine of 500 million euros imposed by an EU store, calling the sanction "unprecedented." Nissan Motor plans to sell around US\$5 billion in debt as part of a financing initiative

Sovereign fixed income, currencies and commodities

- The US Treasury curve steepens, with modest gains at the front-end and a 3bps sell-off at the long-end. Meanwhile, 10-year yields in Europe edge 2bps higher. Last week, longer-term Mbonos in Mexico outperformed with average gains of 7bps. The 10-year benchmark (Feb'36) closed at 9.32% (-5bps w/w)
- The USD is broadly firmer against G10, with the NZD (-1.0%) leading lower. EM saw widespread depreciation, with the CZK down as much as 1.7%. In LatAm, the MXN is the weakest, retreating 0.7% to 18.75 per dollar after two consecutive weeks of gains. For this week, we expect USD/MXN to trade within a 18.50–18.90 range
- Crude prices steadied after an initial drop of nearly 1.0% after OPEC+'s decision to implement a larger-than-expected production hike for August. Metals posted a negative balance, with copper slipping

Corporate Debt

- This week, we anticipate robust activity in the long-term corporate debt market, with seven bonds scheduled for auction from Operadora de Sites Mexicanos, Naturgy México, and FEFA, totaling approximately MXN 15 billion
- HR Ratings reaffirmed Be Grand's rating at 'HR A-' with a Stable outlook. The reaffirmation is primarily driven by the projected increase in Free Cash Flow by year-end 2025, supported by a recovery in the company's revenue stream

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,828.53	0.0%
S&P 500	6,279.35	0.0%
Nasdaq	20,601.10	0.0%
IPC	57,977.76	0.1%
Ibovespa	141,263.56	0.2%
Euro Stoxx 50	5,288.81	-1.0%
FTSE 100	8,822.91	0.0%
CAC 40	7,696.27	-0.8%
DAX	23,787.45	-0.6%
Nikkei 225	39,810.88	0.1%
Hang Seng	23,916.06	-0.6%
Shanghai Composite	3,472.32	0.3%
Sovereign bonds		
2-year Treasuries	3.88	0pb
10-year Treasuries	4.35	0pb
28-day Cetes	7.95	23pb
28-day TIIE	8.22	-4pb
2-year Mbono	8.18	1pb
10-year Mbono	9.31	0pb
Currencies		
USD/MXN	18.63	-0.1%
EUR/USD	1.18	0.2%
GBP/USD	1.37	0.0%
DX	97.18	0.0%
Commodities		
WTI	67.00	0.0%
Brent	68.30	-0.7%
Mexican mix	63.30	0.0%
Gold	3,337.15	0.3%
Copper	514.15	0.0%

Source: Bloomberg

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