BANORTE

Economic and Financial Markets Research
Economic Research and Market Strategy

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Main drivers for the financial markets today...

- **Stock markets, USD higher, and government bond yields negative. The market is trading with little changes as investors await the start of the corporate earnings season, with particular focus on tech companies' results**

- **President Trump threatened to impose 50% tariffs on Brazil over "internal political issues," including the treatment of former president Jair Bolsonaro. Brazilian President Lula da Silva replied on social media that his country will not be lectured, and Brazil's Reciprocity Law would allow it to respond to US actions**

- **On other trade matters, Trump reiterated he will impose a 50% tariff on copper. A delegation from India will meet with US counterparts to continue working on a trade agreement**

- **Regarding economic data, the final reading for Germany's June's inflation remained unchanged at 2.0% year-over-year. In Brazil, prices in the same month came in at 5.35% y/y (0.24% m/m). In the US, weekly jobless claims ticked down marginally to 227k**

- **On the monetary front, we will be watching Banxico's minutes, especially dissenting remarks from Jonathan Heath and the rationale behind the shift in the forward guidance. We'll also have Peru's rate decision, where the policy rate is expected to stay at 4.50%. Finally, markets await comments from Musalem and Daly**

- **In other news, the US again halted livestock imports from Mexico over concerns about new screwworm outbreaks. Crossings had just resumed days earlier after being closed for the same reason in May**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Consumer prices -Jun	% m/m	--	0.20	0.26
8:00	Consumer prices - Jun	% y/y	--	5.30	5.32
United States					
8:30	Initial jobless claims* - Jul 5	thousands	--	235	233
14:30	Fed's Daly Speaks on US Economic Outlook				
Mexico					
11:00	Banxico's minutes				
	Wage negotiations-Jun	% y/y	--	--	8.6
Peru					
19:00	Monetary policy decision (BCRP)	%	--	4.50	4.50

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	6,302.25	-0.1%
Euro Stoxx 50	5,449.70	0.1%
Nikkei 225	39,646.36	-0.4%
Shanghai Composite	3,509.68	0.5%
Currencies		
USD/MXN	18.65	0.1%
EUR/USD	1.17	-0.1%
DXY	97.63	0.1%
Commodities		
WTI	67.73	-1.0%
Brent	69.66	-0.8%
Gold	3,323.64	0.3%
Copper	559.30	2.7%
Sovereign bonds		
10-year Treasury	4.35	2pb

Source: Bloomberg

Equities

- US futures are trading little changed after the S&P 500 hit another record high at yesterday's close. Investors have paid more attention to signs of economic strength and confidence in the upcoming reporting season than to headlines about tariffs

- Europe is trading mostly positive, with the Eurostoxx up 0.1%. Investors are showing interest in mining stocks (Anglo American, Rio Tinto, and Glencore), driven by commodity prices. In Asia, the performance is mixed, with the Nikkei falling 0.4% and the Hang Seng rising 0.6%

- In corporates, Delta is up 10% before the opening bell, driven by a better-than-expected report and an improved 2025 guidance. Analysts, on the other hand, forecast a 14% increase in 2Q25 earnings for the 'Magnificent Seven' vs the 2.8% forecast for the S&P 500

Sovereign fixed income, currencies and commodities

- Mixed performance across sovereign bonds. The US Treasury curve is edging lower by approximately 1bps, while in Europe, 10-year benchmarks are rallying 1–2bps, with the UK standing out. Yesterday, the Mbonos' curve closed with an average gain of 5bps

- The USD is trading in positive territory. G10 currencies are mostly pressured, with AUD (+0.3%) and CHF (-0.2%) at the ends. In EM, most currencies are also trading softer, led by the BRL (-0.4%) following the announcement of new tariffs on Brazil yesterday. The MXN is tracking regional peers, weakening 0.1% to 18.65

- Crude futures are retreating, as investors digest both Trump's tariff-related headlines and renewed attacks on shipping routes in the Red Sea. Metals are positive, with copper up 0.9% and gold gaining 0.3%

Corporate Debt

- Today, FEFA will carry out an auction of three bonds: FEFA 25-2 / 25S / 25-2S, targeting MXN 5.0 billion (maximum MXN 10.0 billion), including two social bonds. The securities will carry tenors of 1.5, 3.1, and 5 years and are rated 'mxAAA' by S&P Global and 'HR AAA' by HR Ratings

- PCR Verum affirmed the 'AAA/M (e)' rating on the ATLASCB 22 issuance, with a Stable outlook. The rating reflects both the current and expected performance of the securitized portfolio, which shows moderate delinquency levels and is originated and managed by Financiera Atlas

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,458.30	0.5%
S&P 500	6,263.26	0.6%
Nasdaq	20,611.34	0.9%
IPC	56,687.54	-0.9%
Ibovespa	137,480.79	-1.3%
Euro Stoxx 50	5,445.65	1.4%
FTSE 100	8,867.02	0.1%
CAC 40	7,878.46	1.4%
DAX	24,549.56	1.4%
Nikkei 225	39,821.28	0.3%
Hang Seng	23,892.32	-1.1%
Shanghai Composite	3,493.05	-0.1%
Sovereign bonds		
2-year Treasuries	3.84	-5pb
10-year Treasuries	4.33	-7pb
28-day Cetes	7.86	1pb
28-day TIIE	8.24	0pb
2-year Mbono	8.18	0pb
10-year Mbono	9.38	-6pb
Currencies		
USD/MXN	18.63	0.1%
EUR/USD	1.17	0.0%
GBP/USD	1.36	0.0%
DXY	97.56	0.0%
Commodities		
WTI	68.38	0.1%
Brent	70.19	0.1%
Mexican mix	64.78	0.3%
Gold	3,313.66	0.4%
Copper	548.65	-3.5%

Source: Bloomberg

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
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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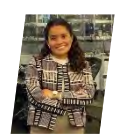

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