Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, government bond yields and USD up with uncertainty after President Trump said he plans to raise the 25% tariff rate to 35% on Canadian goods (excluding those under USMCA) starting August 1st and impose blanket tariffs of 15% or 20% on most trading partners**

- **US Secretary of State Marco Rubio said a summit between Xi Jinping and Trump is very likely after his first face-to-face meeting with his Chinese counterpart in Malaysia on what seems a better trade dialogue among US and China**

- **President Trump has stated that he is close to sending a letter to the European Union detailing the tariffs it would have to pay. However, European officials believe the bloc is close to a possible agreement with the US**

- **In Mexico, INEGI published May's industrial production at 0.6% m/m (-0.8% y/y). We highlight increases in construction (2.8%), with manufacturing more stable (0.1%). Mining was negative (-1.1%)**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany and UK					
2:00	GER Consumer prices - Jun (F)	% m/m	--	2.0	2.0
2:00	UK Industrial production* - May	% m/m	--	0.0	-0.6
Mexico					
8:00	Industrial production - May	% y/y	-1.9	-1.9	-4.0
8:00	Industrial production* - May	% m/m	0.0	-0.1	0.1
8:00	Manufacturing output - May	% y/y	-0.2	-0.2	-2.6

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	6,291.50	-0.5%
Euro Stoxx 50	5,384.01	-1.0%
Nikkei 225	39,569.68	-0.2%
Shanghai Composite	3,510.18	0.0%
Currencies		
USD/MXN	18.74	0.7%
EUR/USD	1.17	-0.1%
DXY	97.85	0.2%
Commodities		
WTI	67.34	1.2%
Brent	69.39	1.1%
Gold	3,348.89	0.7%
Copper	545.50	-1.7%
Sovereign bonds		
10-year Treasury	4.38	3pb

Source: Bloomberg

Equities

- **Negative bias in main stock indices after comments by President Trump who has intensified his trade offensive**

- **In the US, futures anticipate a negative opening with the S&P500 trading 0.5% below its theoretical value, after new all-time highs reached yesterday. Investors are preparing for the 2Q25 earnings season, which will officially kick-off next Tuesday, July 15th with the figures from the big banks. Levi Strauss shares rise ~7% after increasing its revenue guidance for the year**

- **In Europe, we observed widespread declines slightly below 1.0%, while Asia closed mixed, highlighting the advances in the stock markets of China and Hong Kong in the expectation of greater trade advances between China and the US. In Mexico, the Mexbol Index may remain below 57,000pts**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. The Treasuries' curve steepens as a result of greater losses on the long-end of 5bps. Meanwhile, 10-year yields in Europe rise by 2 bps. Yesterday, longer-duration Mbonos underperformed (+4bps). The 10-year benchmark (Feb'36) closed at 9.38% (+3bps)**

- **The USD strengthens against most G10 currencies, with GBP and JPY both down 0.5%, leading the losses. In EM saw broad declines, with ZAR falling as much as 1.0%. In LatAm, MXN (-0.7%) and BRL (-0.6%) led the losses. The Mexican peso is trading at 18.73 per dollar, heading for a 0.6% weekly depreciation after two consecutive weeks of gains**

- **Crude-oil prices are rising as investors await President Trump's announcement on Russia and weigh surging supplies from Saudi Arabia. Copper is down 0.8%, while gold gains 0.7%**

Corporate Debt

- **Today, Naturgy México will conduct a bond offering for its unsecured notes NM 25 / 25-2, targeting MXN 3.0 billion (with a maximum of MXN 4.0 billion). The securities will be issued with tenors of 3 and 7 years. The notes have been rated at 'mxAA+' by S&P Global and 'AAA(mex)' by Fitch Ratings**

- **HR Ratings affirmed Organización Soriana's long-term rating at 'HR AAA' with Stable outlook. The affirmation is based by the company's Free Cash Flow (FCF) generation as of year-end 2024, which totaled MXN 5.4 billion, in line with the agency's projections**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,650.64	0.4%
S&P 500	6,280.46	0.3%
Nasdaq	20,630.66	0.1%
IPC	56,739.90	0.1%
Ibovespa	136,743.26	-0.5%
Euro Stoxx 50	5,438.27	-0.1%
FTSE 100	8,975.66	1.2%
CAC 40	7,902.25	0.3%
DAX	24,456.81	-0.4%
Nikkei 225	39,646.36	-0.4%
Hang Seng	24,028.37	0.6%
Shanghai Composite	3,509.68	0.5%
Sovereign bonds		
2-year Treasuries	3.87	3pb
10-year Treasuries	4.35	2pb
28-day Cetes	8.00	14pb
28-day TIIE	8.24	0pb
2-year Mbono	8.17	-1pb
10-year Mbono	9.40	3pb
Currencies		
USD/MXN	18.61	-0.1%
EUR/USD	1.17	-0.2%
GBP/USD	1.36	-0.1%
DXY	97.65	0.1%
Commodities		
WTI	66.57	-2.6%
Brent	68.64	-2.2%
Mexican mix	63.25	-2.4%
Gold	3,324.05	0.3%
Copper	559.10	1.9%

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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