

## Financial Markets Daily

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

- **Stock markets negative, government bond yields up, and USD with few changes as investors await for news from companies on how tariffs are affecting their earnings**
- **In the face of growing uncertainty over trade negotiations ahead of the August 1st tariff deadline, Treasury Secretary will meet China counterparts in Stockholm. Also, the US may want to talk with China on Russia and Iran crude-oil**
- **On the monetary front, Powell speaks about regulation. There will also be interventions from Bowman from the Fed and Bailey from the BoE. In addition, ECB's Lagarde will meet with the president of the European Investment Bank**
- **Treasury Secretary Scott Bessent stood by Powell amid constant attacks from Trump administration officials, stating that he sees no reason for the Fed Chair to resign. However, he said he would investigate the renovation of the Federal Reserve headquarters**
- **In Mexico, May's monthly GDP-proxy IGAE posted null growth at 0.0% m/m (-0.2% y/y). Industry grew 0.6% m/m, with primary activities at +3.6%. On the contrary, services fell 0.4%. INEGI also published retail sales for May, up 1.8% m/m (2.7% y/y). Inside, 6 out of the 9 sectors grew, with strength centered in supermarket and departmental stores (3.6% m/m)**

### The most relevant economic data...

|                      | Event/Period   | Unit   | Banorte | Survey | Previous |
|----------------------|--|--------|---------|--------|----------|
| <b>Mexico</b>        |  |        |         |        |          |
| 8:00                 | Retail sales - May   | % y/y  | 1.7     | 1.7    | -2.0     |
| 8:00                 | Retail sales* - May  | % m/m  | 0.7     | --     | -1.0     |
| 8:00                 | Economic activity indicator (IGAE) - May   | % y/y  | 0.5     | 0.5    | -1.6     |
| 8:00                 | Economic activity indicator (IGAE)* - May  | % m/m  | 0.3     | 0.2    | 0.5      |
| 11:00                | International reserves - Jul 18  | US\$bn | --      | --     | 241.9    |
| 13:30                | Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 10-year Mbono (Feb'36), 3-year Udibono (Aug'29) and 2-, 5- and 10-year Bondes F |        |         |        |          |
| 16:30                | Citi Survey of Economists  |        |         |        |          |
| <b>United States</b> |  |        |         |        |          |
| 8:30                 | Fed's Powell Gives Welcome Remarks at Regulatory Conference  |        |         |        |          |
| 13:00                | Fed's Bowman in fireside chat with Sam Altman discussing innovation at the Fed's Integrated Review   |        |         |        |          |

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        | 6,347.75  | 0.0%       |
| Euro Stoxx 50          | 5,295.64  | -0.9%      |
| Nikkei 225             | 39,774.92 | -0.1%      |
| Shanghai Composite     | 3,581.86  | 0.6%       |
| <b>Currencies</b>      |           |            |
| USD/MXN                | 18.67     | 0.0%       |
| EUR/USD                | 1.17      | 0.0%       |
| DX                     | 97.87     | 0.0%       |
| <b>Commodities</b>     |           |            |
| WTI                    | 66.57     | -0.9%      |
| Brent                  | 68.98     | -0.3%      |
| Gold                   | 3,400.91  | 0.1%       |
| Copper                 | 561.05    | 0.0%       |
| <b>Sovereign bonds</b> |           |            |
| 10-year Treasury       | 4.38      | 0pb        |

Source: Bloomberg

## Equities

- Mixed movements in the stock markets as the earnings season progresses. Out of 31 S&P500 companies that will release their results today, 22 have already done so with a positive bias. In turn, General Motors (-3.4%) missed expectations and Coca-Cola (-0.8%) with better-than-expected earnings, although higher prices offset the drop in volumes
- In the US, futures anticipate an unchanged opening, with the S&P500 registering a breather after reaching a new all-time high yesterday. Europe, meanwhile, trades with losses and the Eurostoxx declines 0.9%, dragged down by technology companies. Asia closed mixed
- In Mexico, yesterday Gap reaffirmed its position as a leader in the sector, where increased passenger traffic and new fares led to double-digit growth. At market close, Alsea, America Movil, Asur, Banorte, Bolsa, Gcc, Lacomar and Televisa's numbers are expected

## Sovereign fixed income, currencies and commodities

- The Treasuries' curve shows few changes, although it maintains a positive bias especially at the short-end (-1bp). In a similar fashion, the 10-year rates in Europe are trading between +1bp and -1bp. Yesterday, the Mbonos' finished with modest gains of 2bps and the 10-year reference (Feb'36) closed at 9.48% (-2bps)
- The dollar is trading with little change amid a negative balance in the G10, except for JPY (+0.1%). The dynamics in EM are mixed with ZAR (+0.2%) and PLN (-0.3%) at the extremes. Meanwhile, the MXN is trading at 18.67 per dollar, practically unchanged from yesterday's close
- Crude futures are registering their third consecutive session of losses as talks between the US and its trading partners gain urgency ahead of next week's deadline. Meanwhile, copper and gold are up 0.2% and 0.1%, respectively

## Corporate Debt

- Moody's Local México affirmed Invex Controladora's ratings at 'A+.mx' and revised the outlook to Positive from Stable. The outlook revision reflects the strengthening of its business lines in infrastructure, energy, and investments, which now provide a more diversified revenue base
- Moody's Local México also affirmed Ford Credit México's ratings at 'AA.mx' while revising the outlook to Negative from Stable. The outlook adjustment is driven by a deterioration in capitalization, stemming from elevated dividend distributions and the creation of a reserve for potential tax contingencies

## Previous closing levels

|                        | Last       | Daily chg. |
|------------------------|------------|------------|
| <b>Equity indices</b>  |            |            |
| Dow Jones              | 44,323.07  | 0.0%       |
| S&P 500                | 6,305.60   | 0.1%       |
| Nasdaq                 | 20,974.17  | 0.4%       |
| IPC                    | 55,841.30  | -0.8%      |
| Ibovespa               | 134,166.72 | 0.6%       |
| Euro Stoxx 50          | 5,342.98   | -0.3%      |
| FTSE 100               | 9,012.99   | 0.2%       |
| CAC 40                 | 7,798.22   | -0.3%      |
| DAX                    | 24,307.80  | 0.1%       |
| Nikkei 225             | 39,819.11  | 0.0%       |
| Hang Seng              | 24,994.14  | 0.7%       |
| Shanghai Composite     | 3,559.79   | 0.7%       |
| <b>Sovereign bonds</b> |            |            |
| 2-year Treasuries      | 3.86       | -1pb       |
| 10-year Treasuries     | 4.38       | -4pb       |
| 28-day Cetes           | 7.97       | -2pb       |
| 28-day TIIIE           | 8.23       | 0pb        |
| 2-year Mbono           | 8.16       | -2pb       |
| 10-year Mbono          | 9.49       | -1pb       |
| <b>Currencies</b>      |            |            |
| USD/MXN                | 18.67      | -0.4%      |
| EUR/USD                | 1.17       | 0.6%       |
| GBP/USD                | 1.35       | 0.6%       |
| DX                     | 97.85      | -0.6%      |
| <b>Commodities</b>     |            |            |
| WTI                    | 67.20      | -0.2%      |
| Brent                  | 69.21      | -0.1%      |
| Mexican mix            | 63.50      | -0.3%      |
| Gold                   | 3,397.05   | 1.4%       |
| Copper                 | 563.75     | 0.6%       |

Source: Bloomberg

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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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