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Banorte Research and Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets and government bond yields up, with the USD mixed. The positive tone is underpinned by corporate news (*i.e.* Tesla, BYD) despite caution prevailing on the hawkish rhetoric from developed market central banks, and after hefty stock market gains in the 1st half of the year**

- **In addition, some companies benefit from Saudi Arabia's announcement that they will extend the voluntary production cut of 1 million barrels daily to August, with Russia joining in with a cut of 500,000 barrels a day in the same month**

- **Today, the agenda includes June's ISM manufacturing and vehicle sales in the US. Moreover, remittances (May), IMEF's PMIs (jun), and the expectations survey from Banxico in our country. No speeches from Fed members today**

- **Market attention this week on the minutes from the Fed and Banxico, searching for details about both institution's next steps. In addition, June's nonfarm payrolls in the US, in which we estimate 200k new jobs (consensus: 225k) and the unemployment rate at 3.7%**

- **US data also includes factory orders, trade balance (May), ADP private employment, and ISM services (Jul)**

- **In Mexico, gross fixed investment, private consumption (Apr), consumer confidence, inflation (Jun), and the banking sector survey. US Trade Representative Katherine Tai will visit Mexico on July 6 and 7 to attend a USMCA meeting**

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Winners of the 2023 award for best Mexico economic forecasters, granted by Focus Economics

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
	European Commission economic growth forecasts				
United States					
9:45	Manufacturing PMI* - Jun (F)	index	46.3	46.3	46.3
10:00	ISM manufacturing* - Jun	index	47.5	47.2	46.9
	Total vehicle sales** - Jun	millions	--	15.3	15.1
Mexico					
11:00	Family remittances - May	US$bn	5,583.4	5,425.0	5,003.3
11:00	Survey of expectations (Banxico)				
14:00	PMI manufacturing (IMEF)* - Jun	index	50.3	--	49.8
14:00	PMI non-manufacturing (IMEF)* - Jun	index	51.6	--	51.1

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	4,485.00	-0.1%
Euro Stoxx 50	4,410.99	0.3%
Nikkei 225	33,753.33	1.7%
Shanghai Composite	3,243.98	1.3%
Currencies		
USD/MXN	17.12	0.0%
EUR/USD	1.09	-0.1%
DXY	103.12	0.2%
Commodities		
WTI	71.38	1.0%
Brent	76.07	1.6%
Gold	1,913.09	-0.3%
Copper	376.65	0.7%
Sovereign bonds		
10-year Treasury	3.86	2pb

Source: Bloomberg

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Equities

- **The week kicks off with a positive bias, with investors assessing the recent announcements of some electric-car companies which climb on record quarterly sales, while some growth risks remain latent**

- **Despite US futures being little changed, Tesla is up more than 5.3% on pre-market after beating estimates for car deliveries worldwide. Meanwhile, Europe trades mainly with gains. The Eurostoxx is climbing 0.3%, supported by the energy sector. In turn, Asia closed with a positive bias, highlighting the Hang Seng's 2.1%, driven by BYD's favorable quarterly performance**

- **In Mexico, we anticipate a trading range for the Mexbol this week between 52,600 and 54,300 points, still with few short-term catalysts**

Sovereign fixed income, currencies and commodities

- **Slightly negative balance in sovereign bonds. European rates up 4bps on average, while Treasuries see a modest flattening bias with losses of 2bps at the short-end and few changes at the long-end. Last week, Mbonos followed Treasuries, selling off up to 15bps at the short-end**

- **The dollar advances amid a negative performance in most DM currencies, with SEK (-0.5%) as the weakest. In EM the bias is mixed, limited by KRW (+0.7%) and HUF (-0.6%). Meanwhile, MXN is broadly unchanged at 17.12 per dollar after appreciating in the previous week (+0.3%)**

- **Crude-oil picked-up after the announcement by Saudi Arabia and Russia to extend oil supply cuts into August amid persisting fears about the global economy. In metals, copper advances 0.7%, while gold has few changes after losing 2.5% during 2Q23**

Corporate Debt

- **This week we expect auction activity to continue with two corporate bonds from Betterware de México for MXN 3.5 billion, as well as two bank bonds from Banobras for MXN 10 billion**

- **In line with its asset recycling program, Fibra Prologis announced the completion of five transactions. According to the press release, the properties are located in non-strategic markets for the company such as Hermosillo, Nuevo Laredo, and Matamoros, totaling 713,839 square feet and were sold for a total of US$27.9 million**

- **HR Ratings upgraded GISSA's rating to 'HR AA' from 'HR AA-' and modified its In-Process Review to Stable outlook. According to the agency, the upward revision is based mainly on the strengthening of the compnay's metrics**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,407.60	0.8%
S&P 500	4,450.38	1.2%
Nasdaq	13,787.92	1.4%
IPC	53,526.10	-0.1%
Ibovespa	118,087.00	-0.2%
Euro Stoxx 50	4,399.09	1.0%
FTSE 100	7,531.53	0.8%
CAC 40	7,400.06	1.2%
DAX	16,147.90	1.3%
Nikkei 225	33,189.04	-0.1%
Hang Seng	18,916.43	-0.1%
Shanghai Composite	3,202.06	0.6%
Sovereign bonds		
2-year Treasuries	4.90	4pb
10-year Treasuries	3.84	0pb
28-day Cetes	11.31	0pb
28-day TIIE	11.50	1pb
2-year Mbono	10.18	0pb
10-year Mbono	8.68	-2pb
Currencies		
USD/MXN	17.12	0.0%
EUR/USD	1.09	0.4%
GBP/USD	1.27	0.7%
DXY	102.91	-0.4%
Commodities		
WTI	70.64	1.1%
Brent	74.90	0.8%
Mexican mix	65.14	0.0%
Gold	1,919.35	0.6%
Copper	375.95	1.6%

Source: Bloomberg

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cuautencos Mora and Andrea Muñoz Sánchez, 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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