

INFLATION RISES FOR THE FOURTH MONTH IN A ROW

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- At the opening of the American session, the Mexican peso extends the advance established earlier and is positioned in 4th place among the currencies of emerging countries that present the greatest gains against the dollar. The Mexican currency was favored by the INEGI inflation report, which showed that it increased for the fourth month in a row, which will make it difficult for Banco de México to cut its reference interest rate, thereby reducing the differential with the US rate. US could stay at 550 bps for longer.
- The dollar, measured through the DXY index, begins the day with a modest gain and operates around 105 units, reflecting caution on the part of investors before the testimony of the president of the Federal Reserve, Jerome Powell, before the Senate Banking Committee. Markets are also preparing for Thursday's key US June inflation report, which will help guide projections for the path of the benchmark interest rate. Afterwards, data showed that 1-year US consumer inflation expectations fell for the second consecutive month to 3.0% in June from 3.2% in May. Thus, the index is near more than 3-week lows, after losing almost 1% last week, as weak economic data published in the United States reinforced expectations that the Fed will have to lower rates soon. Markets now see around a 76% chance of a Fed rate cut in September, with a second rate cut in December also being priced in.

USD/MXN



USD/MXN SPOT

During the overnight session, the price reached a minimum of \$17.99 and a maximum of \$18.05 units. For today we estimate a **fluctuation range between \$17.90 and \$18.06 pesos per dollar**, considering support levels at \$17.85 and resistance at \$18.10.

In June, monthly inflation was 0.38%, well above the inflation expected by market consensus (0.28%). With this result, annual general inflation stood at 4.98%, increasing for the fourth consecutive month. Internally, the underlying was at 0.22% at a monthly rate (slightly below the market forecast of 0.23%) and 4.13% at an annual rate, maintaining a sustained downward trajectory for the 17th month in a row. By component, annual inflation of non-food merchandise increased for the first time since November 2022. For its part, the non-core price index registered an increase of 0.87% monthly and 7.67% annually. The fruit and vegetable category presented an annual inflation of 19.73%, the highest since January.

EURO/USD SPOT

For today we estimate a **trading range between \$1.080 and \$1.084 dollars per euro**, considering support levels at \$1.079 and resistance levels at \$1.085 units.

USD/MXN: Technical Indicators of the previous session

Bullish and Bearish Fluctuation Levels (Intra-Day)							
Range for Buyers	17.98	-0.7%	Range for Sellers		18.19	0.4%	
	18.03	-0.4%			18.23	0.7%	
Change (%)	Open	High	Low	Close	Daily Difference (5 days)		
Day 0.0	18.10	18.19	18.00	18.11	High (cents)	-38.92	
Week -1.2	-0.38%	-0.14%	-0.31%	0.01%	Low (cents)	10.35	
Acum. M 4.2	1 week		4 Weeks		52 Weeks		
12 months 5.0	High	18.50	2.1%	18.99	4.9%	18.99	4.9%
Year 2024 6.8	Low	18.00	-0.6%	17.88	-1.3%	16.26	-10.2%

Economic Calendar

Hour	Currency	Event	Actual	Forecast	Prior
06:00	MXN	Consumer Inflation (Monthly) (Jun)	0.4%	0.3%	-0.2%
06:00	MXN	Consumer Inflation (Annual) (Jun)	5.0%	4.9%	4.7%
06:00	MXN	Core Inflation (Monthly) (Jun)	0.2%	0.2%	0.2%
06:00	MXN	Core inflation (annual) (Jun)	4.1%	4.1%	4.2%
06:00	MXN	Consumer Confidence (Jun)	47.5	--	46.7
08:00	USD	Fed Chairman Jerome Powell testifies before the Senate Banking Committee			
09:00	MXN	International Bookings (05/Jul)	--	--	\$219997m
11:30	MXN	Government Securities Auction: Cetes 1, 3, 6 and 12 months			
11:30	MXN	Government Securities Auction: M 5-Year Bond (Mar'29)			
11:30	MXN	Government Securities Auction: Udibono 30 years (Oct'54)			
11:30	MXN	Government Securities Auction: 2 and 5 Year F Bonds			
17:50	JPY	Producer Inflation (Annual) (Jun)	--	2.9%	2.4%
19:30	CNY	Producer Inflation (Annual) (Jun)	--	-0.8%	-1.4%
19:30	CNY	Consumer Inflation (Annual) (Jun)	--	0.4%	0.3%

Emerging Currencies Performance

	Closing	Change %			Cumulative %				
		Prior	Everyday	Weekly	Monthly	2021	2022	2023	2024
Emerging Currencies									
Mexico	MXN	18.01	-0.5%	-1.9%	-2.1%	3.1%	-5.0%	-13.0%	6.1%
Argentina	ARS	917.24	0.2%	0.4%	2.0%	22.1%	72.4%	356.4%	13.5%
Brazil	BRL	5.47	0.2%	-3.3%	2.4%	7.3%	-5.1%	-8.2%	12.7%
Chile	CLP	940.07	0.4%	-0.6%	2.4%	19.9%	-0.1%	3.6%	6.7%
China	CNY	7.27	0.0%	0.0%	0.3%	-2.6%	8.5%	2.9%	2.4%
Colombia	COP	4,048.83	-0.9%	-2.4%	3.0%	18.6%	19.3%	-20.1%	4.5%
Hong Kong	HKD	7.81	0.0%	0.0%	0.0%	0.6%	0.1%	0.1%	0.0%
India	INR	83.50	0.0%	0.1%	0.1%	1.7%	11.3%	0.6%	0.3%
Peru	PEN	3.79	-0.1%	-1.3%	0.8%	10.5%	-4.8%	-2.7%	2.2%
Russia	RUB	87.63	-0.3%	0.9%	-1.6%	1.5%	-1.3%	20.6%	-2.1%
South Africa	ZAR	18.12	-0.4%	-1.4%	-4.2%	8.5%	6.9%	7.8%	-1.3%

Performance of Developed Currencies

	Closing	Change %			Cumulative %				
		Prior	Everyday	Weekly	Monthly	2021	2022	2023	2024
Developed Currencies									
Dollar Index	DXY	105.03	0.1%	-0.8%	0.1%	6.4%	8.2%	-2.1%	3.6%
Australia	AUD	0.67	-0.2%	1.2%	2.4%	-5.6%	-6.2%	0.0%	-1.1%
Canada	CAD	1.36	0.0%	-0.7%	-0.9%	-0.7%	7.3%	-2.3%	3.0%
Denmark	DKK	6.89	0.1%	-0.8%	-0.2%	7.4%	6.2%	-2.8%	2.0%
Euro	EUR	1.08	-0.1%	0.8%	0.2%	-6.9%	-5.8%	3.1%	-1.9%
Japan	JPY	160.83	0.0%	-0.4%	2.6%	11.5%	13.9%	7.6%	14.0%
Norway	NOK	10.61	0.5%	-0.5%	-1.0%	2.8%	11.2%	3.8%	4.3%
New Zealand	NZD	0.61	-0.3%	0.8%	0.3%	-5.0%	-7.0%	-0.5%	-3.1%
United Kingdom	GBP	1.28	-0.1%	1.2%	0.7%	-1.0%	-10.7%	5.4%	0.6%
Sweden	SEK	10.58	1.0%	-0.3%	0.3%	10.1%	15.2%	-3.4%	5.1%
Switzerland	CHF	0.90	0.2%	-0.6%	0.1%	3.1%	1.3%	-9.0%	6.7%

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