

## Financial Markets Daily

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

- Stock markets down, government bond yields mixed, and the USD higher, with investors awaiting CPI figures and the Fed's decision tomorrow –with special attention on updated estimates, including the dot-plot–
- Uncertainty continues in European markets, processing results from the elections to the European Parliament and the announcement of a snap election in France. On this country, speculations have arisen over a possible resignation from President Macron, although people close to him have mentioned that this hasn't been discussed
- On economic data, April's unemployment rate in the UK climbed marginally to 4.4%. Meanwhile, in Brazil, May's inflation was higher than expected at 0.46% m/m (3.93% y/y). Tonight we expect this same figure in China. In Mexico, April's industrial production fell 0.5% m/m (5.1% y/y), with declines in manufacturing (-1.5%) and mining (-0.3%), albeit with construction higher (+1.8%). Later, we will be looking into May's ANTAD sales. On the monetary front, the Fed's two-day meeting starts today, will all eyes on the decision tomorrow. In the Eurozone, several members – including Rehn and Villeroy– mentioned that they must not commit to a set path for cuts
- US State Secretary, Anthony Blinken, mentioned that Israeli PM, Benjamin Netanyahu, reaffirmed this commitment with a ceasefire in the conflict with Gaza, supporting the plan laid out by President Biden last week

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forecasters in Mexico by LSEG and Focus  
Economics in 2023



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### The most relevant economic data...

|               | Event/Period   | Unit   | Banorte | Survey | Previous |
|---------------|--|--------|---------|--------|----------|
| <b>UK</b>     |  |        |         |        |          |
| 2:00          | Unemployment rate* - Apr   | %      | --      | 4.3    | 4.3      |
| <b>Mexico</b> |  |        |         |        |          |
| 8:00          | Industrial production - Apr  | % y/y  | 6.2     | 4.1    | -3.0     |
| 8:00          | Industrial production* - Apr   | % m/m  | 0.1     | 0.2    | 0.6      |
| 8:00          | Manufacturing output - Apr   | % y/y  | 6.1     | --     | -5.4     |
| 11:00         | International reserves - Jun 7   | US\$bn | --      | --     | 218.7    |
| 13:30         | Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43) and 2-, and 5-year Bondes F |        |         |        |          |
|               | ANTAD same-store sales - May   | % y/y  | --      | --     | 0.6      |
| <b>Brazil</b> |  |        |         |        |          |
| 8:00          | Consumer prices - May  | % m/m  | --      | 0.42   | 0.38     |
| 8:00          | Consumer prices - May  | % y/y  | --      | 3.88   | 3.69     |
| <b>China</b>  |  |        |         |        |          |
| 21:30         | Consumer prices - May  | % y/y  | --      | 0.4    | 0.3      |

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. |
|------------------------|-----------|------------|
| <b>Equity indices</b>  |           |            |
| S&P 500 Futures        | 5,356.00  | -0.3%      |
| Euro Stoxx 50          | 4,964.80  | -1.0%      |
| Nikkei 225             | 39,134.79 | 0.2%       |
| Shanghai Composite     | 3,028.05  | -0.8%      |
| <b>Currencies</b>      |           |            |
| USD/MXN                | 18.35     | 0.6%       |
| EUR/USD                | 1.07      | -0.3%      |
| DXY                    | 105.30    | 0.1%       |
| <b>Commodities</b>     |           |            |
| WTI                    | 77.53     | -0.3%      |
| Brent                  | 81.49     | -0.2%      |
| Gold                   | 2,318.64  | 0.3%       |
| Copper                 | 449.60    | -1.0%      |
| <b>Sovereign bonds</b> |           |            |
| 10-year Treasury       | 4.44      | -3pb       |

Source: Bloomberg

## Equities

- Negative movements as investors weigh monetary and growth outlook
- In Asia, most markets closed negative. In Europe stocks decline, the Eurostoxx sheds 1.0%. Shares from energy and utilities sectors lead losses. In turn, in the US the futures of main indices point to a negative opening (-0.3% on average), after the S&P500 and the Nasdaq reached new all-time highs in the previous session
- In corporate news, General Motors (+1.6% on pre-market) authorized a US\$6 billion buyback plan. In Mexico, Fibrapl extended the tender offer period for Terra to June 21 and announced that the COFECI authorized it to carry out the transaction. A Terra shareholders' meeting will be held today to discuss and, if applicable, approve the proposal by Funo and Next to combine their assets

## Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. 10-year European rates rise 5bps, on average. On the contrary, Treasuries' curve records gains of up to 4bps at the short-end. Yesterday, the Mbonos' curve flattened due to losses of 3bps at the short-end and gains of 4bps at the long-end. The 10-year benchmark closed 10.19% (-1bp) and the local risk premium stands well close to 12-month highs at 572bps
- Dollar advances against most of the G10 currencies, except for SEK (+0.2%). In EM, the bias is mixed and the MXN depreciates 0.6% to 18.35 per dollar, offsetting part of the previous session's rally of 0.8%
- Crude-oil holds gains after the biggest jump since March recorded yesterday, while investors await energy agencies reports in the coming days. Widespread losses in metals, excluding gold (+0.2%)

## Corporate Debt

- Grupo Aeroportuario del Pacífico announced that it refinanced a MXN 1.5 billion bank credit line, extending the maturity by 18 months. Interest will be payable monthly at a floating rate of TIIE-28 plus 24bp, with principal due on December 5, 2025
- Fitch Ratings affirmed the ratings of Bepensa Capital and its subsidiaries Financiera Bepensa and AB&C Leasing de México at 'AA+(mex)' and 'F1+(mex)'. The affirmation reflects Fitch's improved assessment of Bepensa's propensity to provide support to its subsidiaries, if needed

## Previous closing levels

|                        | Last       | Daily chg. |
|------------------------|------------|------------|
| <b>Equity indices</b>  |            |            |
| Dow Jones              | 38,868.04  | 0.2%       |
| S&P 500                | 5,360.79   | 0.3%       |
| Nasdaq                 | 17,192.53  | 0.3%       |
| IPC                    | 53,122.58  | 0.3%       |
| Ibovespa               | 120,759.51 | 0.0%       |
| Euro Stoxx 50          | 5,016.48   | -0.7%      |
| FTSE 100               | 8,228.48   | -0.2%      |
| CAC 40                 | 7,893.98   | -1.3%      |
| DAX                    | 18,494.89  | -0.3%      |
| Nikkei 225             | 39,038.16  | 0.9%       |
| Hang Seng              | 18,366.95  | 0.0%       |
| Shanghai Composite     | 3,051.28   | 0.0%       |
| <b>Sovereign bonds</b> |            |            |
| 2-year Treasuries      | 4.88       | -1pb       |
| 10-year Treasuries     | 4.47       | 3pb        |
| 28-day Cetes           | 11.06      | 2pb        |
| 28-day TIIE            | 11.25      | 0pb        |
| 2-year Mbono           | 10.88      | 22pb       |
| 10-year Mbono          | 10.21      | 45pb       |
| <b>Currencies</b>      |            |            |
| USD/MXN                | 18.24      | -0.8%      |
| EUR/USD                | 1.08       | -0.3%      |
| GBP/USD                | 1.27       | 0.1%       |
| DX                     | 105.15     | 0.3%       |
| <b>Commodities</b>     |            |            |
| WTI                    | 77.74      | 2.9%       |
| Brent                  | 81.63      | 2.5%       |
| Mexican mix            | 72.20      | 2.4%       |
| Gold                   | 2,310.88   | 0.7%       |
| Copper                 | 454.35     | 1.3%       |

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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