Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today...

- **Stock markets negative, S&P Futures up, governement bond yields mixed and USD with gains, with investors digesting the lower US producer prices figure against the Fed's hawkish tone on the outlook for interest rates**

- **Markets are attentive to Federal Reserve´s Williams interview with US Treasury Secretary Janet Yellen. Later in the day, central bank decisions in Peru and Japan will be announced**

- **The G7 meets in Italy for its annual summit. Biden and the Ukrainian leader are expected to hold a joint press conference. Tentative deal reached on loan to help Ukraine finance its war and begin rebuilding its infrastructure**

- **Regarding economic figures, in the US, producer prices for May were published at -0.2% m/m (consensus: +0.1%; previous: +0.5%). With this, the annual metric stood at 2.2% (consensus: 2.5%; previous: 2.3%). This, in line with what was observed yesterday in consumer prices, which reflect an environment of lower inflationary pressures, but still far from the Fed's 2.0% target. In addition, initial jobless claims for the week ending June 8 were released at 242k, above the 225k expected by consensus and the 229k observed the previous week**

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Industrial production* - Apr	% m/m	--	0.2	0.6
Brazil					
8:00	Retail sales - Apr	% y/y	--	3.9	5.7
8:00	Retail sales* - Apr	% m/m	--	1.8	0.0
United States					
8:30	Initial jobless claims* - Jun 8	thousands	222	225	229
8:30	Producer prices* - May	% m/m	--	0.1	0.5
8:30	Ex. food & energy * - May	% m/m	--	0.3	0.5
12:00	Fed's Williams Interviews Treasury Sec. Yellen				
Peru					
19:00	Monetary policy decision (BCRP)	%	--	5.50	5.75
Japan					
	Monetary policy decision BoJ (Upper Bound)	%	--	0.10	0.10
	Monetary policy decision BoJ (Lower Bound)	%	--	0.00	0.00

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	5,441.50	0.3%
Euro Stoxx 50	4,988.43	-0.9%
Nikkei 225	38,720.47	-0.4%
Shanghai Composite	3,028.92	-0.3%
Currencies		
USD/MXN	18.63	-0.6%
EUR/USD	1.08	-0.2%
DXY	104.83	0.2%
Commodities		
WTI	78.08	-0.5%
Brent	82.25	-0.4%
Gold	2,321.03	-0.2%
Copper	454.50	-0.5%
Sovereign bonds		
10-year Treasury	4.27	-4pb

Source: Bloomberg

Equities

- **Although the majority of stock markets are down, the US is poised to continue at new all-time highs in light of the possibility of a less restrictive monetary policy this year. As a result, Nasdaq futures anticipate a positive opening and are up 0.7%**

- **Europe trades with generalized losses and the Eurostoxx is falling 0.9%, dragged down by the materials and energy sectors. Likewise, Asia closed with a negative bias, with the Nikkei plungin 0.4% and the Shanghai descending 0.3%**

- **In corporate news, Broadcom rises more than 13.0% in pre-market after its latest results beat estimates, driven by solid demand for artificial intelligence products. Meanwhile, Tesla (+5.5%) reported that shareholders resolved to ratify salary packages and the relocation of its legal domicile to Texas**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. The 10-year European rates decline 2bps, on average, and the Treasuries' yield curve record gains of up to 9bps. Yesterday, the Mbonos' curve printed modest gains of 3bps, with the 10-year benchmark at 10.34% (-7bps). However, the local risk premium reached new 12-month highs of 602bps**

- **Dollar advances against all G10 currencies with SEK (-0.2%) leading losses. In EM, the MXN is the strongest, trading at 18.60 per dollar (+0.8%), halting two negative sessions in a row and after reaching weak levels of up to 18.99 yesterday**

- **Crude-oil futures edged lower as investors weighed an unexpected build in US crude stockpiles and the prospect of tighter-for-longer US monetary policy. In metals, copper and gold adjust -0.7% and -0.4%, respectively**

Corporate Debt

- **Grupo Aeroportuario del Pacífico (GAP) informed that it signed the acquisition of 51.5% of the shares representing the capital stock of Guadalajara World Trade Center (GWTC) for a total amount of $875.5 million. The closing and payment of the transaction will be on June 25 at the latest and it is still pending to be defined if it will be through a bank loan or its own resources**

- **Fitch Ratings has upgraded Financiera Independencia's Long-Term Issuer Default Ratings (IDRs) to 'BB-' from 'B+'. The outlook is Stable. The rating actions reflect Findep's improved maturity profile which reduces liquidity and refinancing risks over the rating horizon**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,712.21	-0.1%
S&P 500	5,421.03	0.9%
Nasdaq	17,608.44	1.5%
IPC	52,975.89	-0.3%
Ibovespa	119,936.02	-1.4%
Euro Stoxx 50	5,034.43	1.4%
FTSE 100	8,215.48	0.8%
CAC 40	7,864.70	1.0%
DAX	18,630.86	1.4%
Nikkei 225	38,876.71	-0.7%
Hang Seng	17,937.84	-1.3%
Shanghai Composite	3,037.47	0.3%
Sovereign bonds		
2-year Treasuries	4.75	-8pb
10-year Treasuries	4.32	-9pb
28-day Cetes	11.07	7pb
28-day TIIE	11.25	0pb
2-year Mbono	11.01	-3pb
10-year Mbono	10.36	12pb
Currencies		
USD/MXN	18.75	1.0%
EUR/USD	1.08	0.6%
GBP/USD	1.28	0.5%
DXY	104.65	-0.6%
Commodities		
WTI	78.50	0.8%
Brent	82.60	0.8%
Mexican mix	73.29	0.9%
Gold	2,324.98	0.3%
Copper	455.95	1.5%

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, José Itzamna Espitia Hernández, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, 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
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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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Directory

Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251

Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957

Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438

Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

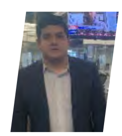
José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249

Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250

Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060

Quantitative Analysis

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608

Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220

José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000

Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904

Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430