Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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LSEG STARMINE AWARD FOR REUTERS POLLS Best Forecaster Economic Indicators for Mexico 2023

FOCUS ECONOMICS ANALYST FORECAST AWARDS 2023

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Main drivers for the financial markets today...

- **Stock markets lower –although with S&P500 futures higher–, government bond yields negative, and the USD showing a positive bias, with the market assimilating comments from Fed members and looking forward to bond sales in the US –expecting better demand for the two-year note–**

- **On the monetary front, Bowman (Fed Governor) mentioned that the Fed has not reached a point in which it is appropriate to cut rates, while she continues to see risks to the upside for inflation. This somewhat clashes with comments from Daly (San Francisco) yesterday where she suggested that inflation is nearing an inflection point and that additional declines could imply higher unemployment. Later, we will have speeches from Cook (Fed Governor) and once again Bowman**

- **Regarding economic figures, in the US we will be looking into June's consumer confidence –expecting a slight moderation–, as well as April's house prices. In addition, markets will be looking into May's inflation in Canada. In Mexico, INEGI and the MoF will present the 2023 National Survey on Financial Health today at 10:00am**

- **In China, Xi Jinping called on the country's companies to increase their innovation in the tech sector, this in a context in which restrictions to semiconductor purchases from the US continue. In this sense, Premier Li Qiang warned over the negative consequences of a decoupling between the two countries**

- **US State Secretary, Antony Blinken, asked Israeli Defense Minister to avoid an additional escalation in the conflict in Gaza and to take actions to favor the arrival of humanitarian aid**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
7:00	COPOM minutes				
United States					
7:00	Fed´s Bowman gives speech on US monetary policy in London				
9:00	S&P/CoreLogic housing prices - Apr	% y/y	--	7.0	7.4
10:00	Consumer confidence* - Jun	index	99.5	100.0	102.0
12:00	Fed´s Cook speaks about the economic outlook				
14:10	Fed's Bowman Gives Keynote Remarks, Q&A				
Mexico					
11:00	International reserves - Jun 21	US$bn	--	--	219.7
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 5-year Mbono (Mar'29), 3-year Udibono (Dec'26) and 2-, 5-, and 10-year Bondes F				

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	5,526.25	0.2%
Euro Stoxx 50	4,928.89	-0.4%
Nikkei 225	39,173.15	0.9%
Shanghai Composite	2,950.00	-0.4%
Currencies		
USD/MXN	18.01	0.3%
EUR/USD	1.07	-0.2%
DXY	105.63	0.2%
Commodities		
WTI	81.19	-0.5%
Brent	85.59	-0.5%
Gold	2,326.29	-0.4%
Copper	441.20	-0.6%
Sovereign bonds		
10-year Treasury	4.24	0pb

Source: Bloomberg

Equities

- **The main stock markets show mixed movements, with negative bias, reflecting caution among investors who are assessing the outlook for companies' earnings growth**

- **US futures anticipate a positive opening with the Nasdaq rising 0.4% above its theoretical value, showing a respite in Nvidia after recent declines. In Europe, falls predominated, with the Eurostoxx plunging 0.4%, dragged down by the industrial sector. Finally, Asia closed mixed, with the Nikkei rising 1.0% and the Shanghai dropping 0.4%**

- **In corporate news, Airbus fell more than 11.5% after indicating problems in its supply chain. It reported that it is experiencing shortages of engines, aerostructures and cabin interiors, which is impacting its delivery plans**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. 10-year rates in Europe decline 3bps, on average, while the Treasuries' curve records gain of 2bps at the long-end. Yesterday, Mbonos averaged gains of 7bps and the 10-year reference closed at 9.89% (-8bps)**

- **Dollar advances against most of developed currencies, except for JPY (+0.1%). In EM, the bias is mixed, with RUB (+0.6%) as the strongest. Meanwhile, the MXN is the weakest at 18.01 per dollar (-0.3%), halting three favorable sessions in a row**

- **Crude-oil futures decline but remain near their highest close in eight weeks amid simmering geopolitical tensions from Yemen to Russia. Widespread losses in metals, with copper and gold falling 0.4% and 0.3%, respectively**

Corporate Debt

- **Fitch Ratings maintained its Negative Watch on Desarrollos Hidráulicos de Cancún's 'AA+(mex)' rating. The Negative Watch continues to reflect the uncertainty regarding the company's operations and results due to the political measures approved by the Quintana Roo State Legislature in December 2023, where the extension of concessions in the municipalities where DHC operates until 2053 was repealed**

- **HR Ratings upgraded FEFA's ESG rating to 'HR ESG 2' from 'HR ESG 2-' while maintaining a Stable Outlook. The upward revision is a result of the analysis of the environmental risk exposure, as the Entity had a label change from Average to Superior in the Exposure to Natural Hazards and Environmental Regulation factor**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,411.21	0.7%
S&P 500	5,447.87	-0.3%
Nasdaq	17,496.82	-1.1%
IPC	52,512.91	-0.5%
Ibovespa	122,636.96	1.1%
Euro Stoxx 50	4,950.98	0.9%
FTSE 100	8,281.55	0.5%
CAC 40	7,706.89	1.0%
DAX	18,325.58	0.9%
Nikkei 225	38,804.65	0.5%
Hang Seng	18,027.71	0.0%
Shanghai Composite	2,963.10	-1.2%
Sovereign bonds		
2-year Treasuries	4.72	-1pb
10-year Treasuries	4.23	-2pb
28-day Cetes	10.95	7pb
28-day TIIE	11.25	0pb
2-year Mbono	10.90	1pb
10-year Mbono	9.99	2pb
Currencies		
USD/MXN	17.95	-0.9%
EUR/USD	1.07	0.4%
GBP/USD	1.27	0.3%
DXY	105.47	-0.3%
Commodities		
WTI	81.63	1.1%
Brent	86.01	0.9%
Mexican mix	76.76	0.7%
Gold	2,334.65	0.5%
Copper	442.50	-0.1%

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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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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