

# Financial Markets Daily

May 15, 2023

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



- **Stock markets and government yields up while the USD is biased lower on signs that debt ceiling negotiations in the US are moving forward, with President Biden voicing optimism that a deal can be reached and investors waiting for a new meeting with Congressional Leaders on Tuesday. March's industrial production in the Eurozone was weak at -4.1% m/m**
- **Today, US data include the Empire Manufacturing (May) which printed at -31.8pts, below expectations and signaling that challenges persist in the sector. Moreover, comments from Bostic and Kashkari of the Fed. Tonight, China will release industrial production, retail sales, and gross fixed investment in April**
- **Market attention this week on Banxico's decision. We anticipate an unchanged rate at 11.25%. We will also know 1Q23 GDP in the Eurozone and Japan, along with a plethora of comments from Fed members, including Powell by the end of the week**
- **Events are relatively scarce, highlighting the ECOFIN meeting among EU members in Brussels, local elections in Northern Ireland, and the G7 meeting in Hiroshima, Japan. Treasury Secretary Janet Yellen will meet with top bank CEOs in Washington**
- **In US data, retail sales, industrial production, existing home sales, housing starts, building permits (Apr), and the Philly Fed manufacturing indicator (May)**
- **In Mexico, retail sales (Mar) and the Timely Indicator of Economic Activity (Apr)**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Estados Unidos</i>					
6:30	Empire manufacturing* - may	índice	0.0	-3.9	10.8
6:45	Bostic del Fed da comentarios de bienvenida en conferencia de mercados financieros				
7:15	Kashkari del Fed, participa en discusión moderada				
<i>China</i>					
20:00	Producción industrial - abr	% a/a	--	10.8	3.9
20:00	Ventas al menudeo - abr	% a/a	--	22.0	10.6
20:00	Inversión fija (acumulado del año) - abr	% a/a	--	5.7	5.1

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; \* Seasonally adjusted, \*\* Seasonally adjusted annualized rate.

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## A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,152.00	0.3%
Euro Stoxx 50	4,326.32	0.2%
Nikkei 225	29,626.34	0.8%
Shanghai Composite	3,310.74	1.2%
<i>Currencies</i>		
USD/MXN	17.55	-0.3%
EUR/USD	1.09	0.3%
DX	102.46	-0.2%
<i>Commodities</i>		
WTI	70.47	0.6%
Brent	74.59	0.6%
Gold	2,012.00	0.1%
Copper	371.65	0.0%
<i>Sovereign bonds</i>		
10-year Treasury	3.49	3pb

Source: Bloomberg

## Equities

- **Equity markets on the upside as investors react favorably to comments signaling progress in negotiations to reach an agreement on the US debt ceiling. Meanwhile, the corporate earnings season is coming to an end, with only 15 S&P500 companies expected to report this week, including some big retailers (Home Depot, Target, and Walmart)**
- **In Asia, most markets closed positive. Gains predominate in Europe, with the Eurostoxx up 0.2%. In turn, US futures among main indices point to a positive open as they rise 0.3% on average**
- **In Mexico, following the Mexbol's closing at 54,948pts last Friday, we expect this week a trading range between 54,000 - 56,600pts**

## Sovereign fixed income, currencies and commodities

- **European rates up 2bps on average, while the Treasuries' curve is selling off up to 3bps at the long-end. Last week, long-term Mbonos advanced 6bps, while the 10-year reference closing at 8.79% (+3bps)**
- **The dollar retreats, with developed currencies stronger, except for JPY (-0.1%). In EM, the bias is mixed, with RUB (-2.3%) and ZAR (+1.0%) at the extremes. Meanwhile, MXN started 0.3% stronger at 17.55 per dollar after two positive weeks in a row. With this, the Mexican peso has gained 11.0% year-to-date, ranking as the strongest among EM**
- **Crude-oil futures steadied after four negative weeks in a row as the market is balancing concerns about the US economy and China's muted recovery, against expectations of higher demand in the future**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,300.62	0.0%
S&P 500	4,124.08	-0.2%
Nasdaq	12,284.74	-0.4%
IPC	54,948.34	-0.1%
Ibovespa	108,463.84	0.2%
Euro Stoxx 50	4,317.88	0.2%
FTSE 100	7,754.62	0.3%
CAC 40	7,414.85	0.4%
DAX	15,913.82	0.5%
Nikkei 225	29,388.30	0.9%
Hang Seng	19,627.24	-0.6%
Shanghai Composite	3,272.36	-1.1%
<i>Sovereign bonds</i>		
2-year Treasuries	3.99	9pb
10-year Treasuries	3.46	8pb
28-day Cetes	11.42	0pb
28-day TIIE	11.55	0pb
2-year Mbono	10.40	4pb
10-year Mbono	8.79	3pb
<i>Currencies</i>		
USD/MXN	17.59	0.1%
EUR/USD	1.08	-0.6%
GBP/USD	1.25	-0.4%
DXY	102.68	0.6%
<i>Commodities</i>		
WTI	70.04	-1.2%
Brent	74.17	-1.1%
Mexican mix	62.07	-1.7%
Gold	2,010.77	-0.2%
Copper	372.85	0.5%

Source: Bloomberg

## Corporate Debt

- **HR Ratings affirmed Grupo Profuturo's rating at 'HR AAA' with Stable outlook and its short-term rating at 'HR+1'. The rating affirmation is based on its solid debt profile, which presented negative net debt of MXN -3.5 billion at the end of 2022, resulting in a net debt to equity ratio of -31.7%**
- **PCR Verum affirmed the rating of issue ATLASCB 22 (Compañía Financiera Atlas' ABS) at 'AAA/M (e)' with Stable outlook. The rating is based on the current and expected performance of the securitized portfolio, which maintains moderate delinquencies, in addition to Financiera Atlas' satisfactory credit quality, and average capacity as financial asset administrator**

## Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, 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, Paola Soto Leal, Daniel Sebastián Sosa Aguilar 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
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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