

Financial Markets Daily

May 16, 2023

Main drivers for the financial markets today...

- **Stock markets mixed, with Europe higher but backtracking in America, government bond yields negative and USD with few changes, amid increased appetite for safe-haven assets given concerns over US debt**
- **Treasury Secretary, Janet Yellen, warned that the US is already paying the price of not increasing the debt ceiling, with yields on short-term instruments increasing substantially. In addition, she reiterated June 1st as the deadline for an extension. In this context, President Biden will meet with House Speaker, Kevin McCarthy, to continue with the negotiations**
- **On economic data, in the US, April's retail sales rose 0.4% m/m, awaiting industrial production for the same month later. 1Q23 GDP in the Eurozone rose 0.1% q/q. In China, April's economic activity figures disappointed, with more modest progress in industrial output (5.6% y/y), retail sales (18.4%) and investment (4.7%). In Germany, the ZEW expectations index was lower than expected at -10.7pts. Tonight we will have Japan's 1Q23 GDP**
- **On the monetary policy front, in the Eurozone we will have comments from ECB President, Christine Lagarde. In the US we await speeches from Barr, Williams, Goolsbee, Logan, and Bostic**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
8:18	Fed's Mester Discusses the economic and Policy Outlook				
8:30	Advance retail sales* - Apr	% m/m	0.8	0.8	-0.6
8:30	Ex autos & gas* - Apr	% m/m	--	0.2	-0.3
8:30	Control group* - Apr	% m/m	0.2	0.4	-0.3
9:15	Industrial production* - Apr	% m/m	0.0	0.0	0.4
9:15	Manufacturing production* - Apr	% m/m	0.1	0.1	-0.5
10:00	Fed's Barr Testifies Before House Financial Services Committee				
12:15	Fed's Williams Discusses Economic Outlook and Monetary Policy				
15:15	Fed's Logan Moderates Panel Discussion at Atlanta Fed				
19:00	Fed's Bostic and Goolsbee Discuss the Economic Outlook				
<i>Mexico</i>					
11:00	International reserves - May 12	US\$bn	--	--	203.5
13:30	Government weekly auction: 1-, 3-, 6-, and 12- month CETES; 10-year Mbono (May'33); 30-year Udlbono (Nov'50) and 2-, 5-, and 10-year Bondes F				
<i>Japan</i>					
19:50	Gross domestic product* - 1Q23 (P)	% q/q	--	0.2	0.0

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	4,138.75	-0.3%
Euro Stoxx 50	4,322.88	0.1%
Nikkei 225	29,842.99	0.7%
Shanghai Composite	3,290.99	-0.6%
<i>Currencies</i>		
USD/MXN	17.50	0.4%
EUR/USD	1.09	0.1%
DXY	102.42	0.0%
<i>Commodities</i>		
WTI	71.09	0.0%
Brent	75.24	0.0%
Gold	2,010.04	-0.3%
Copper	365.20	-2.3%
<i>Sovereign bonds</i>		
10-year Treasury	3.54	3pb

Source: Bloomberg

Equities

- **Mixed movements in equity markets as investors continue to monitor US debt ceiling negotiations and after Home Depot (-2.6% on pre-market) cut its guidance for the year after reporting lower-than-expected quarterly revenues, affected by weaker demand**
- **In Asia the markets closed mixed. The Topix advanced 0.6%, reaching its highest level since 1990, supported by the increase in buybacks and dividends from Japanese companies. In Europe stocks are mixed, but the Eurostoxx adds 0.1%. Vodafone's share price fell to its lowest level since 1997 after adjusting a disappointing outlook and announcing a record 11,000 job cuts over the next three years. In turn, in the US the futures of main indices point to a slightly negative opening by falling 0.1% on average**
- **In Mexico, the Mexbol Index may stand below the 55,200 pts**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. In Europe, rates increase 1bp, on average. Meanwhile, Treasuries register losses of 4bps after began the session with gains of 2bps. Locally, Mbonos began the week with gains of 4bps, on average, with the 10-year benchmark closing at 8.74%**
- **USD trades with few changes amid a mixed performance in developed currencies, with JPY (+0.1%) and NOK (-0.6%) at the extremes. In EM, the bias is negative, with RUB (-0.7%) as the weakest. The MXN trades at 17.50 per dollar (-0.4%), after reaching its best intraday level since May 2016 at 17.42 per dollar and gaining 0.9% yesterday**
- **Crude-oil futures rise for the second day in a row, assimilating the US is soliciting bids for up to 3 million barrels of sour crude-oil to refill its Strategic Petroleum Reserves. However, the expectation for China growth has really been tempered after weak economic data**

Corporate Debt

- **Fitch Ratings affirmed Banco Ve por Más' ratings on the global scale at 'BB-' and on the local scale at 'A(mex)'. The outlook is Stable. According to the agency, the ratings are based on the business profile characterized by a moderate position in the local market, although with a relatively diversified business model compared to its peers that has resulted in low but recurring profit generation through of the years and that partially compensates for the size of the bank**
- **Fitch revised Banca Mifel's outlook to 'Positive'; also, it ratified in 'A(mex)'. According to the agency, the Positive outlook reflects the marked trends of improvement in financial performance in the last 12 months. The bank has shown the ability to recover from the financial shock during and after the pandemic**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,348.60	0.1%
S&P 500	4,136.28	0.3%
Nasdaq	12,365.21	0.7%
IPC	55,261.43	0.6%
Ibovespa	109,029.12	0.5%
Euro Stoxx 50	4,316.41	0.0%
FTSE 100	7,777.70	0.3%
CAC 40	7,418.21	0.0%
DAX	15,917.24	0.0%
Nikkei 225	29,626.34	0.8%
Hang Seng	19,971.13	1.8%
Shanghai Composite	3,310.74	1.2%
<i>Sovereign bonds</i>		
2-year Treasuries	4.01	2pb
10-year Treasuries	3.50	4pb
28-day Cetes	11.42	0pb
28-day TIIE	11.54	-1pb
2-year Mbono	10.33	-7pb
10-year Mbono	8.76	-3pb
<i>Currencies</i>		
USD/MXN	17.43	-0.9%
EUR/USD	1.09	0.2%
GBP/USD	1.25	0.6%
DX	102.43	-0.2%
<i>Commodities</i>		
WTI	71.11	1.5%
Brent	75.23	1.4%
Mexican mix	62.92	1.4%
Gold	2,016.49	0.3%
Copper	375.10	0.6%

Source: Bloomberg

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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