

# Financial Markets Daily

May 30, 2023

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

- **Stock markets positive, government bond yields down and the USD lower, with optimism over an agreement on the debt situation in the US. In addition, chip makers and tech stocks rebound given more positive expectations on artificial intelligence**
- **On the debt ceiling, the legislation is expected to start being discussed in the House Rules Committee today, with a vote taking place tomorrow. The Senate could vote on it no later than Friday or over the weekend. In this context, both Biden and McCarthy have been in contact with lawmakers to ensure that the bill will pass**
- **Regarding economic data, economic confidence in the Eurozone slowed slightly to 96.5pts. In the US, the focus will be on consumer confidence and housing data. In Mexico, we await April's public finance report, while the focus will be on PMIs in China in the evening**
- **On the monetary front, we expect comments from Barkin (Richmond Fed), as well as several ECB speakers. In other news, China rejected the US request for a meeting between its defense secretaries, adding to the tensions that have prevailed in recent months**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	Consumer confidence* - May (F)	index	--	--	-17.4
5:00	Economic confidence* - May	index	--	98.8	99.3
<b>United States</b>					
9:00	S&P/CoreLogic housing prices - Mar	% y/y	--	-1.7	0.4
10:00	Consumer confidence* - May	index	98.0	99.0	101.3
13:00	Fed's Barkin Speaks on Monetary Policy				
<b>Mexico</b>					
11:00	International reserves - May 26	US\$b	--	--	202.8
13:30	Government weekly auction: 1-, 3-, 6-, 12- month CETES; 20-year Mbono (Nov'42); 20-year Udibono (Nov'43) and 2-, and 5-year Bondes F				
14:30	Public finances (PSBR, year-to-date)- - Apr	MXNmn	--	--	-125.2
<b>China</b>					
21:30	Manufacturing PMI* - May	index	--	49.5	49.2
21:30	Non-manufacturing PMI* - May	index	--	55.0	56.4
21:30	Composite PMI* - May	index	--	--	54.4

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.
<b>Equity indices</b>		
S&P 500 Futures	4,236.75	0.6%
Euro Stoxx 50	4,330.21	0.2%
Nikkei 225	31,328.16	0.3%
Shanghai Composite	3,224.21	0.1%
<b>Currencies</b>		
USD/MXN	17.56	-0.1%
EUR/USD	1.07	0.1%
DX	104.00	-0.2%
<b>Commodities</b>		
WTI	71.27	-1.9%
Brent	75.35	-2.2%
Gold	1,954.60	0.6%
Copper	367.70	0.1%
<b>Sovereign bonds</b>		
10-year Treasury	3.73	-7pb

Source: Bloomberg

## Equities

- Stock markets with a positive bias, driven by optimism for the Congress to pass a deal on the US debt ceiling and by the positive expectations of the technology sector, with stocks related to artificial intelligence standing out. In particular, Nvidia is expected to reach a market capitalization of one trillion dollars. Likewise, shares of Meta Platforms, Intel Corp, and Advanced Micro Devices also rise. As a result, Nasdaq futures are up 1.1% ahead of the open
- Meanwhile, in Europe, the Eurostoxx index rises slightly by 0.2%, driven by the technology sector, which is increasing 2.2%. Meanwhile, in Asia, markets closed mixed
- In Mexico, the Mexbol Index could trade around 54,500pts, following its international peers

## Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. In Europe, rates decrease 8bps, on average. Meanwhile, the Treasuries advance of up to +8bps at the belly of the curve. Locally, Mbonos began the week with gains of 5bps, on average, with the 10-year benchmark closing at 8.88%
- USD retreats amid a favorable performance in most of the developed currencies, with GBP (+0.6%) as the strongest. In EM, the bias is mixed, with HUF (+0.4%) and TRY (-1.4%) at the extremes. The MXN trades at 17.56 per dollar (+0.1%), after gaining 0.2% yesterday
- Crude-oil futures decline given China's lackluster recovery. Moreover, there are growing doubts that OPEC+ will cut production at its meeting this weekend. Positive balance in metals with copper and gold gaining 0.6% and 0.7%, respectively

## Corporate Debt

- Fitch Ratings revised the outlook on Inmuebles Carso's long-term rating to Positive from Stable and ratified the long and short-term ratings at 'AA+(mex)' and 'F1+(mex)'. According to the agency, the Positive outlook reflects the continued strengthening of the company's leverage ratio, through solid free funds flow generation that has been used to pay off more than MXN 3 billion of debt in the past two years
- PCR Verum assigned an 'A+/M' rating to the BEGRAND 23 issue, which Be Grand intended to place for an amount of up to MXN 800 million, for a term of approximately 3 years and paying a variable interest rate (TIE). This issuance will have an irrevocable and unconditional partial guarantee for up to 50% of its unpaid principal balance, granted by Sociedad Hipotecaria Federal (SHF)

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	33,093.34	0.0%
S&P 500	4,205.45	0.0%
Nasdaq	12,975.69	0.0%
IPC	54,212.67	0.3%
Ibovespa	110,333.40	-0.5%
Euro Stoxx 50	4,320.01	-0.4%
FTSE 100	7,627.20	0.0%
CAC 40	7,303.81	-0.2%
DAX	15,952.73	-0.2%
Nikkei 225	31,233.54	1.0%
Hang Seng	18,551.11	-1.0%
Shanghai Composite	3,221.45	0.3%
<b>Sovereign bonds</b>		
2-year Treasuries	4.56	0pb
10-year Treasuries	3.80	0pb
28-day Cetes	11.31	-3pb
28-day TIE	11.51	1pb
2-year Mbono	10.41	-4pb
10-year Mbono	8.91	-4pb
<b>Currencies</b>		
USD/MXN	17.59	-0.2%
EUR/USD	1.07	-0.1%
GBP/USD	1.24	0.1%
DX	104.21	0.0%
<b>Commodities</b>		
WTI	72.67	0.0%
Brent	77.07	0.2%
Mexican mix	64.86	0.0%
Gold	1,943.19	-0.2%
Copper	368.20	0.0%

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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<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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