

# Financial Markets Daily

June 1, 2023

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

- **Stock markets positive, USD down and government bond yields up with the debt-ceiling approval by the House in the US and awaiting the vote in the Senate, in addition to comments from Fed officials hinting a pause in interest rate hikes and inflation data better than expected in the Eurozone**
- **Inflation in the Eurozone stood at 0.0% m/m in May, below the consensus estimate of +0.2%, bringing the annual variation to 6.1% from the previous 7.0%. Minutes of the last ECB meeting highlighted that the underlying inflation trend looks worrisome**
- **In the US, the ADP private employment report for May was released, posting a job creation of 278k, well above the consensus estimate of 170k. The manufacturing ISM will be published later, while Fed's Harker will speak on the economic outlook**
- **In México, attention to Banxico's minutes and the survey of expectations. In the minutes we will focus on the discussions regarding the inflation outlook – and its apparent improvement–, along with the changes to the forward guidance in the statement, in particular on what an “...extended period...” could mean. Regarding economic data, April family remittances and May IMEF's PMI indicators for May will be released**

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

Juan Carlos Alderete Macal, CFA  
Executive Director of Economic Research  
and Financial Markets Strategy  
juan.alderete.mactal@banorte.com

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



Manuel Jiménez Zaldivar  
Director of Market Strategy  
manuel.jimenez@banorte.com

## The most relevant economic data...

|                      | Event/Period                            | Unit      | Banorte | Survey  | Previous |
|----------------------|---|-----------|---------|---------|----------|
| <i>Eurozone</i>      |   |           |         |         |          |
| 5:00                 | Consumer prices - May (P)               | % y/y     | --      | 6.3     | 7.0      |
| 5:00                 | Core - May (P)                          | % y/y     | --      | 5.5     | 5.6      |
| <i>Brazil</i>        |   |           |         |         |          |
| 8:00                 | Gross domestic product* - 1Q23          | % q/q     | --      | 1.2     | -0.2     |
| <i>United States</i> |   |           |         |         |          |
| 8:15                 | ADP employment* - May                   | thousands | 195     | 170     | 196      |
| 8:30                 | Initial jobless claims* - May 27        | thousands | 225     | 235     | 229      |
| 9:45                 | Manufacturing PMI* - May (F)            | index     | 48.5    | 48.5    | 48.5     |
| 10:00                | ISM manufacturing* - May                | index     | 47.2    | 47.0    | 47.1     |
| 13:00                | Fed's Harker Speaks on Economic Outlook |           |         |         |          |
| <i>Mexico</i>        |   |           |         |         |          |
| 11:00                | Family remittances - Apr                | US\$bn    | 5,114.3 | 5,150.0 | 5,193.8  |
| 11:00                | Banxico's minutes                       |           |         |         |          |
| 11:00                | Survey of expectations (Banxico)        |           |         |         |          |
| 14:00                | PMI manufacturing (IMEF)* - May         | index     | 50.1    | --      | 50.6     |
| 14:00                | PMI non-manufacturing (IMEF)* - May     | index     | 51.5    | --      | 52.2     |

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

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

 [www.banorte.com](http://www.banorte.com)  
 [@analisis\\_fundam](https://twitter.com/analisis_fundam)

## A glimpse to the main financial assets

|                        | Last      | Daily chg. |
|------------------------|-----------|------------|
| <i>Equity indices</i>  |           |            |
| S&P 500 Futures        | 4,190.25  | 0.0%       |
| Euro Stoxx 50          | 4,234.13  | 0.4%       |
| Nikkei 225             | 31,148.01 | 0.8%       |
| Shanghai Composite     | 3,204.64  | 0.0%       |
| <i>Currencies</i>      |           |            |
| USD/MXN                | 17.60     | -0.5%      |
| EUR/USD                | 1.07      | 0.2%       |
| DX-Y                   | 104.06    | -0.3%      |
| <i>Commodities</i>     |           |            |
| WTI                    | 68.32     | 0.3%       |
| Brent                  | 72.72     | 0.1%       |
| Gold                   | 1,967.94  | 0.3%       |
| Copper                 | 368.30    | 1.3%       |
| <i>Sovereign bonds</i> |           |            |
| 10-year Treasury       | 3.60      | -4pb       |

Source: Bloomberg

Document for distribution among public

## Equities

- **Positive equity markets, sentiment is supported by the agreement on the US debt ceiling and the expectation of a possible pause in interest rate hikes**
- **S&P500 futures gain 0.1% and the Nasdaq's remain without change ahead of the open. Meanwhile, in Europe, the Eurostoxx index rose 0.4%, boosted by financial companies, as they realize opportunity purchases after the declines registered in the sector in the last few days. In Asia, markets closed with a positive bias, highlighting the Nikkei's 0.8% advance**
- **In Mexico, the Mexbol Index could hover around 53,000pts**

## Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. In Europe, rates down 1bp. Meanwhile, Treasuries advance 2bps with the 10-year benchmark trading at 3.63%. Locally, Mbonos recorded gains of 2bps yesterday, the 10-year reference closed at 8.78%, and the local risk premium remained unchanged at 514bps**
- **Dollar retreats amid a mixed balance in developed currencies, limited by AUD (+0.3%) and NOK (-0.7%). In EM, MXN is the strongest trading at 17.61 per dollar (+0.4%) after two negative sessions in a row, while PLN is on the opposite side (-0.3%)**
- **Crude-oil futures steady after lost 6% in the previous sessions. Traders will be looking ahead to an OPEC+ Ministerial Meeting over the weekend to discuss the group's production policy. In metals, the balance is positive with copper gaining 1.5%**

## Previous closing levels

|                        | Last       | Daily chg. |
|------------------------|------------|------------|
| <i>Equity indices</i>  |            |            |
| Dow Jones              | 32,908.27  | -0.4%      |
| S&P 500                | 4,179.83   | -0.6%      |
| Nasdaq                 | 12,935.29  | -0.6%      |
| IPC                    | 52,736.26  | -1.1%      |
| Ibovespa               | 108,335.07 | -0.6%      |
| Euro Stoxx 50          | 4,218.04   | -1.7%      |
| FTSE 100               | 7,446.14   | -1.0%      |
| CAC 40                 | 7,098.70   | -1.5%      |
| DAX                    | 15,664.02  | -1.5%      |
| Nikkei 225             | 30,887.88  | -1.4%      |
| Hang Seng              | 18,234.27  | -1.9%      |
| Shanghai Composite     | 3,204.56   | -0.6%      |
| <i>Sovereign bonds</i> |            |            |
| 2-year Treasuries      | 4.40       | -5pb       |
| 10-year Treasuries     | 3.64       | -4pb       |
| 28-day Cetes           | 11.31      | 0pb        |
| 28-day TIIE            | 11.50      | -1pb       |
| 2-year Mbono           | 10.36      | 1pb        |
| 10-year Mbono          | 8.80       | -4pb       |
| <i>Currencies</i>      |            |            |
| USD/MXN                | 17.69      | 0.2%       |
| EUR/USD                | 1.07       | -0.4%      |
| GBP/USD                | 1.24       | 0.2%       |
| DXY                    | 104.33     | 0.2%       |
| <i>Commodities</i>     |            |            |
| WTI                    | 68.09      | -2.0%      |
| Brent                  | 72.66      | -1.2%      |
| Mexican mix            | 60.64      | -2.3%      |
| Gold                   | 1,962.73   | 0.2%       |
| Copper                 | 363.70     | -0.7%      |

Source: Bloomberg

## Corporate Debt

- **FEMSA announced that it has reached a definitive agreement to divest its minority position in Jetro Restaurant Depot and related entities. According to the statement, FEMSA will receive a total cash sum of US\$1.4 billion, with approximately US\$467 million payable upon closing of the transaction in 2Q23, with the remainder payable over the next two years**
- **Grupo Bimbo placed its BIMBO 23L / 23-2L issuances for a joint amount of MXN 15 billion. The 23L series will pay a fixed rate (MBONO 33 plus 0.44%) with a term of 10 years; while the 23-2L series will pay a variable rate referenced to TIIE-28 plus a 10bps spread and a 4-year term. Both series will amortize through a single payment on the maturity date (bullet). The proceeds obtained from the transaction will be used to refinance bank debt and other corporate uses**

## Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, 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.

## Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

## Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

## Last-twelve-month activities of the business areas.

*Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.*

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

## Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## Guide for investment recommendations.

|      | Reference  |
|------|--|
| BUY  | <i>When the share expected performance is greater than the MEXBOL estimated performance.</i> |
| HOLD | <i>When the share expected performance is similar to the MEXBOL estimated performance.</i>   |
| SELL | <i>When the share expected performance is lower than the MEXBOL estimated performance.</i>   |

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

## Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

*The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.*

### Research and Strategy

|                               |                                      |                                  |                         |
|-------------------------------|--------------------------------------|----------------------------------|-------------------------|
| Alejandro Padilla Santana     | Chief Economist and Head of Research | alejandro.padilla@banorte.com    | (55) 1103 - 4043        |
| Raquel Vázquez Godínez        | Assistant                            | raquel.vazquez@banorte.com       | (55) 1670 - 2967        |
| Itzel Martínez Rojas          | Analyst                              | itzel.martinez.rojas@banorte.com | (55) 1670 - 2251        |
| Lourdes Calvo Fernandez       | Analyst (Edition)                    | lourdes.calvo@banorte.com        | (55) 1103 - 4000 x 2611 |
| María Fernanda Vargas Santoyo | Analyst                              | maria.vargas.santoyo@banorte.com | (55) 1103 - 4000        |

### Economic Research

|                                 |  |                                      |                  |
|---------------------------------|--|--------------------------------------|------------------|
| Juan Carlos Alderete Macal, CFA | Executive Director of Economic Research and Financial Markets 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 Cellina 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) 1103 - 4000 |
| Luis Leopoldo López Salinas     | Manager Global Economist   | luis.lopez.salinas@banorte.com       | (55) 1103 - 4000 |

### Market Strategy

|                         |                             |                            |                  |
|-------------------------|-----------------------------|----------------------------|------------------|
| Manuel Jiménez Zaldivar | Director of Market Strategy | manuel.jimenez@banorte.com | (55) 5268 - 1671 |
|-------------------------|-----------------------------|----------------------------|------------------|

### Fixed income and FX Strategy

|                            |  |                                      |                  |
|----------------------------|--|--------------------------------------|------------------|
| Leslie Thalia Orozco Vélez | Senior Strategist, Fixed Income and FX       | leslie.orozco.velez@banorte.com      | (55) 1670 - 1698 |
| Isaías Rodríguez Sobrino   | Strategist, Fixed Income, FX and Commodities | isaias.rodriguez.sobrino@banorte.com | (55) 1670 - 2144 |

### Equity Strategy

|                                |                              |                                     |                         |
|--------------------------------|------------------------------|-------------------------------------|-------------------------|
| Marissa Garza Ostos            | Director of Equity Strategy  | marissa.garza@banorte.com           | (55) 1670 - 1719        |
| 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        |
| Victor Hugo Cortés Castro      | Senior Strategist, Technical | victorh.cortes@banorte.com          | (55) 1670 - 1800        |
| Paola Soto Leal                | Strategist                   | paola.soto.leal@banorte.com         | (55) 1103 - 4000 x 1746 |

### Corporate Debt

|                               |                                |                                    |                  |
|-------------------------------|--------------------------------|------------------------------------|------------------|
| Hugo Armando Gómez Solís      | Senior Analyst, Corporate Debt | hugo.gomez@banorte.com             | (55) 1670 - 2247 |
| Gerardo Daniel Valle Trujillo | Analyst, Corporate Debt        | gerardo.valle.trujillo@banorte.com | (55) 1670 - 2248 |

### 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 |
| Andrea Muñoz Sánchez             | Analyst, Quantitative Analysis              | andrea.munoz.sanchez@banorte.com  | (55) 1103 - 4000 |

### Wholesale Banking

|                                  |  |  |                  |
|----------------------------------|--|--|------------------|
| Armando Rodal Espinosa           | Head of Wholesale Banking                            | armando.rodal@banorte.com                  | (55) 1670 - 1889 |
| Alejandro Aguilar Ceballos       | Head of Asset Management                             | alejandro.aguilar.cebillos@banorte.com     | (55) 5004 - 1282 |
| Alejandro Eric Faesi Puente      | Head of Global Markets and Institutional Sales       | alejandro.faesi@banorte.com                | (55) 5268 - 1640 |
| Alejandro Frigolet Vázquez Vela  | Head of Sólida Banorte                               | alejandro.frigolet.vazquezvela@banorte.com | (55) 5268 - 1656 |
| Arturo Monroy Ballesteros        | Head of Investment Banking and Structured Finance    | arturo.monroy.ballesteros@banorte.com      | (55) 5004 - 5140 |
| Carlos Alberto Arciniega Navarro | Head of Treasury Services                            | carlos.arciniega@banorte.com               | (81) 1103 - 4091 |
| Gerardo Zamora Nanez             | Head of Transactional Banking, Leasing and Factoring | gerardo.zamora@banorte.com                 | (81) 8173 - 9127 |
| Jorge de la Vega Grajales        | Head of Government Banking                           | jorge.delavega@banorte.com                 | (55) 5004 - 5121 |
| Luis Pietrini Sheridan           | Head of Private Banking                              | luis.pietrini@banorte.com                  | (55) 5249 - 6423 |
| Lizza Velarde Torres             | Executive Director of Wholesale Banking              | lizza.velarde@banorte.com                  | (55) 4433 - 4676 |
| Osvaldo Brondo Menchaca          | Head of Specialized Banking Services                 | osvaldo.brondo@banorte.com                 | (55) 5004 - 1423 |
| Raúl Alejandro Arauzo Romero     | Head of Transactional Banking                        | raul.arauzo@banorte.com                    | (55) 5261 - 4910 |
| René Gerardo Pimentel Ibarrola   | Head of Corporate Banking                            | pimentelr@banorte.com                      | (55) 5004 - 1051 |
| Ricardo Velázquez Rodríguez      | Head of International Banking                        | rvelazquez@banorte.com                     | (55) 5004 - 5279 |
| Victor Antonio Roldan Ferrer     | Head of Commercial Banking                           | victor.roldan.ferrer@banorte.com           | (55) 1670 - 1899 |