

# Financial Markets Daily

June 6, 2023

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

- **Stock markets lower, mixed government bond yields, a slight appreciation of the USD and mixed commodities –with energy declining but with grains higher, affected by the war in Ukraine**
- **On the monetary front, Chinese authorities asked banks to cut their deposit rates between 5 and 10bps, for the second time in less than a year. This supports other actions by the central bank that seek to stimulate the economy. Meanwhile, Australia's central bank surprised with a 25bps hike, taking its rate to 4.1%**
- **Regarding economic data, retail sales in the Eurozone posted null growth (0.0% m/m) in April. In Mexico we await the banking sector survey while tonight, China will release May's trade balance**
- **On the war in Ukraine, the Russians demolished a dam in the southern part of the country, with 10 villages at risk of being flooded. Although crops are not expected to be impacted, wheat futures have risen**
- **In other news, tensions between the US and China remain to the upside, with the American government mentioning that military interception maneuvers from the Asian nation show increased aggressiveness. However, another round of talks between mid-level representatives took place, trying to lower the tone of the recent rhetoric**
- **Brazil's electoral tribunal set the date for the start of the political dismissal trial of former President, Jair Bolsonaro, on June 22<sup>nd</sup>**

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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,278.00	-0.1%
Euro Stoxx 50	4,282.98	-0.2%
Nikkei 225	32,506.78	0.9%
Shanghai Composite	3,195.34	-1.1%
<i>Currencies</i>		
USD/MXN	17.49	0.1%
EUR/USD	1.07	-0.3%
DXY	104.29	0.3%
<i>Commodities</i>		
WTI	70.91	-1.7%
Brent	75.54	-1.5%
Gold	1,963.35	0.1%
Copper	375.90	-0.2%
<i>Sovereign bonds</i>		
10-year Treasury	3.70	2pb

Source: Bloomberg

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Retail sales* - Apr	% m/m	--	0.20	-1.2
<i>Mexico</i>					
11:00	International reserves - Jun 2	US\$bn	--	--	202.5
13:30	Government weekly auction: 1-, 3-, 6-, and 24- month CETES; 5-year Mbono (Mar'27); 10-year Udibono (Nov'31) and 1-, 3-, and 7-year Bondes F				
16:30	Survey of expectations (Citibanamex)				
<i>China</i>					
23:00	Trade balance - May	USD\$bn	--	94.2	90.2
23:00	Exports - May	% y/y	--	-2.0	8.5
23:00	Imports - May	% y/y	--	-8.0	-7.9

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

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## Equities

- **Negative bias in equity markets after the recent rally. Stock prices of oil companies fall after gains in the previous session, as do technology companies, after Taiwan Semiconductor Manufacturing, signaled that capital spending for 2023 could be in the low range of its guidance, causing nervousness about future demand prospects in the sector**
- **In Asia the markets closed mixed. There were no operations in South Korea due to holiday. In Europe most stocks decline, the Eurostoxx sheds 0.2%. In turn, in the US the futures of main indices show little changes**
- **In Mexico, Gap's passengers in May presented a lower performance than expected, although the outlook for sustained growth continues. The Mexbol Index may stand above the 53,500 pts**

## Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. Treasuries lost 3bps with the 2-year reference trading at 4.50%, while in Europe, rates decrease 2bps after ECB said euro-area consumer inflation expectations eased significantly in April. Yesterday, Mbonos advanced 3bps, on average**
- **USD with slight gains amid a negative performance in developed currencies, with NOK (-1.0%) as the weakest. In EM, the bias is also negative, with TRY (-1.1%) leading losses. The MXN trades virtually unchanged at 17.49 per dollar, after starting the week with gains of 0.5%**
- **Crude-oil erases all the gain that followed Saudi Arabia's pledge for extra supply cuts of 1 Mbbl/d. On the contrary, grains register a positive balance with wheat gaining 2.2% due to heightened geopolitical tensions between Russia and Ukraine**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,562.86	-0.6%
S&P 500	4,273.79	-0.2%
Nasdaq	13,229.43	-0.1%
IPC	53,536.05	0.6%
Ibovespa	112,696.32	0.1%
Euro Stoxx 50	4,293.24	-0.7%
FTSE 100	7,599.99	-0.1%
CAC 40	7,200.91	-1.0%
DAX	15,963.89	-0.5%
Nikkei 225	32,217.43	2.2%
Hang Seng	19,108.50	0.8%
Shanghai Composite	3,232.44	0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	4.47	-3pb
10-year Treasuries	3.68	-1pb
28-day Cetes	11.31	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.41	-3pb
10-year Mbono	8.85	-2pb
<i>Currencies</i>		
USD/MXN	17.47	-0.5%
EUR/USD	1.07	0.0%
GBP/USD	1.24	-0.1%
DX	104.00	0.0%
<i>Commodities</i>		
WTI	72.15	0.6%
Brent	76.71	0.8%
Mexican mix	66.43	4.1%
Gold	1,961.86	0.7%
Copper	376.80	1.1%

Source: Bloomberg

## Corporate Debt

- **PCR Verum affirmed Start Banregio's long-term ratings at 'AAA/M' with Stable outlook and at '1+/M' for the short term. The ratings reflect Banregio's support. Meanwhile, Start Banregio has presented good asset quality and a downward trend thanks to management's appropriate stewardship**
- **Fitch Ratings kept ABC Capital's ratings with no immediate impact from the purchase authorization. The agency considers that the change of control and some of the strategic actions planned for the bank in the short term could have positive implications faster than originally contemplated**

## 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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