

Financial Markets Daily

June 8, 2023

Main drivers for the financial markets today...

- **Stock markets positive, S&P Futures with small changes, USD down and government bond yields up amid concerns that the Fed and the ECB will continue to raise interest rates next week, after the unexpected hikes from the central banks of Australia and Canada to bring inflation under control**
- **In the US, jobless claims were released for the week ending June 3, standing at 261k from the previous 233k, surprisingly upwards and reaching a maximum since October 2021. In the Eurozone, final 1Q23 GDP was published at -0.1% q/q, below the preliminary figure of +0.1%, with the annual variation standing at 1.0%. Later, inflation for May in China will be published. Consensus estimates it at 0.2% y/y from 0.1% the previous month**
- **Treasury Secretary Janet Yellen will meet with the US-China Trade Council today. On the monetary policy front, there will be decision by the central bank of Peru, where no changes are expected in the reference rate**
- **In Mexico, INEGI published May's inflation at -0.22% m/m, slightly below expectations, with the core at +0.32%. As such, annual inflation fell to 5.84% (previous: 6.25%), with the core also lower at 7.39% (previous: 7.67%)**

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.macal@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

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www.banorte.com/analisiseconomico



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Gross domestic product - 1Q23 (F)	% y/y	--	1.2	1.3
5:00	Gross domestic product* - 1Q23 (F)	% q/q	--	0.0	0.1
<i>Mexico</i>					
8:00	Consumer prices - May	% m/m	-0.20	-0.18	-0.02
8:00	Core - May	% m/m	0.33	0.32	0.39
8:00	Consumer prices - May	% y/y	5.86	5.88	6.25
8:00	Core - May	% y/y	7.39	7.39	7.67
<i>United States</i>					
8:30	Initial jobless claims* - Jun 3	thousands	230	235	232
<i>Peru</i>					
19:00	Monetary policy decision (BCRP)	%	--	7.75	7.75
<i>China</i>					
21:30	Consumer prices - May	% y/y	--	0.2	0.1

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	4,276.25	0.0%
Euro Stoxx 50	4,301.54	0.2%
Nikkei 225	31,641.27	-0.9%
Shanghai Composite	3,213.59	0.5%
<i>Currencies</i>		
USD/MXN	17.38	0.1%
EUR/USD	1.08	0.5%
DX	103.66	-0.4%
<i>Commodities</i>		
WTI	73.01	0.7%
Brent	77.38	0.6%
Gold	1,959.37	1.0%
Copper	375.85	0.1%
<i>Sovereign bonds</i>		
10-year Treasury	3.78	-2pb

Source: Bloomberg

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Equities

- **Mixed equity markets, where investors continue to debate the Fed's next moves**
- **With this, S&P500 and Nasdaq futures anticipate a slightly downward opening, where the S&P500 is on the border of a bull market (almost 20% above its October low). In Europe, the Eurostoxx index is up 0.2%, being driven by the energy sector, although technology stocks are the worst performers. In Asia, markets closed with a mixed bias, with the Nikkei down 0.8% and the Hang Seng 0.3% up**
- **In Mexico, the Mexbol Index could trade around 54,400pts, following its international peers**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. European assets adjust -3bps, on average. The Treasuries' curve trades with gains of up to 6bps at the short-end. Yesterday, the Mbonos' curve closed with a steepening bias as a result of 1bp gains at the short-end, while the long-end lost 5bps**
- **The dollar retreats, DXY (-0.3%), allowing all G10 currencies to trade in positive territory with NOK (+0.8%) leading the gains. In EM, the performance is mixed with ZAR (+0.8%) and TRY (-0.6) at the extremes. The MXN appreciates 0.1% to 17.35, after gaining 0.1% yesterday**
- **Crude-oil advance 1.0% ahead of the start of the US summer driving season, despite concerns about demand in China. Metals trade with mixed bias with copper falling 0.2%, while gold gains 0.3%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,665.02	0.3%
S&P 500	4,267.52	-0.4%
Nasdaq	13,104.89	-1.3%
IPC	54,291.44	-0.3%
Ibovespa	115,488.16	0.8%
Euro Stoxx 50	4,291.91	-0.1%
FTSE 100	7,624.34	0.0%
CAC 40	7,202.79	-0.1%
DAX	15,960.56	-0.2%
Nikkei 225	31,913.74	-1.8%
Hang Seng	19,252.00	0.8%
Shanghai Composite	3,197.76	0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	4.56	8pb
10-year Treasuries	3.80	14pb
28-day Cetes	11.31	0pb
28-day TIE	11.50	0pb
2-year Mbono	10.33	-1pb
10-year Mbono	8.90	4pb
<i>Currencies</i>		
USD/MXN	17.36	-0.1%
EUR/USD	1.07	0.1%
GBP/USD	1.24	0.1%
DXY	104.10	0.0%
<i>Commodities</i>		
WTI	72.53	1.1%
Brent	76.95	0.9%
Mexican mix	66.52	1.1%
Gold	1,940.02	-1.2%
Copper	375.60	-0.3%

Source: Bloomberg

Corporate Debt

- **HR Ratings downgraded Grupo Vasconia's rating to 'HR C-' from 'HR A' and changed the outlook from Stable to Negative Watch. The downgrade was based on the company's press release in which it stated that the company and its subsidiary Almega Aluminio are in talks with its bank lenders to carry out a restructuring of its financial liabilities.**
- **Fitch Ratings downgraded Grupo Vasconia's ratings to 'C(mex)' from 'A-(mex)' following the company's announcement that it will not be making payments on financial debt associated with the holding company and its industrial division.**
- **HR Ratings ratified the rating of 11 issues with ticker TFOVIS, TFOVICB and FOVISCB (Fovissste's MBS) at 'HR AAA (E)' with Stable outlook**

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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 Thalia 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
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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>

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GRUPO FINANCIERO BANORTE S.A.B. de 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
Katía Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmin 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 Thalía 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.cebaldos@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	alejandro.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.rolan.ferrer@banorte.com	(55) 1670 - 1899