

# Financial Markets Daily

June 9, 2023

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

- **Stock markets negative, government bond yields and USD up, as investors continue reassessing next moves on rates from the Fed and the ECB, with all eyes on next week's central bank decisions with scarce economic data today**
- **In China, inflation for May came in at 0.2% y/y, in line with expectations and only slightly above the 0.1% of the previous month. The PBOC governor tried to ease concerns around the slowdown in inflation and a slower-than-expected economic recovery. He explained that the moderation is due to a weaker recovery in demand than in production along with a high base of comparison from last year in energy and vegetables prices. He said that he expects inflation to pick up in 2H23 and reach levels in December above 1.0%**
- **The Turkish lira weakened to its lowest since December 2021, making clear the challenges facing the new central bank governor. The first of these will be the monetary policy decision at the end of the month with the expectation that the rate will have to rise very sharply**
- **In Mexico, INEGI published industrial production for April, up 0.4% m/m (0.7% y/y). Gains centered in manufacturing (2.1% m/m) and mining (0.3%), but with construction falling (-2.0%). Attention is now on May's nominal wage settlements**

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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,299.50	-0.1%
Euro Stoxx 50	4,284.04	-0.3%
Nikkei 225	32,265.17	2.0%
Shanghai Composite	3,231.41	0.6%
<i>Currencies</i>		
USD/MXN	17.37	-0.1%
EUR/USD	1.08	0.0%
DXY	103.42	0.1%
<i>Commodities</i>		
WTI	71.64	0.5%
Brent	76.33	0.5%
Gold	1,966.76	0.1%
Copper	383.00	0.9%
<i>Sovereign bonds</i>		
10-year Treasury	3.75	3pb

Source: Bloomberg

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
8:00	Industrial production - Apr	% y/y	1.0	1.4	1.6
8:00	Industrial production* - Apr	% m/m	0.6	0.6	-0.9
8:00	Manufacturing output - Apr	% y/y	-0.6	0.3	1.1
8:00	Wage negotiations - May	% y/y	--	--	9.3

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

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## Equities

- **Stock markets reflect profit-taking on a pause after recent days' rally, as investors remain cautious ahead of next week's monetary policy decisions**
- **Futures in the US anticipate a marginally negative opening, with the S&P500 trading 0.1% below its theoretical value, while it has confirmed a 'bull market' after a rise of more than 20% from October lows, driven by the expectation of a pause by the Fed and resilient profits. In Europe the falls average 0.3%, while Asia closed higher, following yesterday's optimism in the US stock markets. The Nikkei continues to stand out having risen almost 2%, spinning 9 consecutive weeks of rise**
- **In corporate news, the advance in Tesla shares stands out after the announcement of a partnership with GM, joining the company's charging network**

## Sovereign fixed income, currencies and commodities

- **Sovereign bonds trade with a negative bias. European rates register adjustments of +/- 1bp and the Treasuries yield curve trades with losses of 3bps on average. Yesterday, the Mbonos' curve closed with gains of 6bps on average, and the new 3-year benchmark (Mbono Sep'26) was placed at 9.40%**
- **The USD trades with marginal gains (DXY +0.1%). Meanwhile, developed currencies are mixed with NOK (+1.2%) and JPY (-0.3%) at the ends of the spectrum. In EM, trading is capped by KRW (+1.0%) and TRY (-1.2%). Meanwhile, the Mexican peso is little changed at 17.37 per dollar**
- **Crude-oil futures are up 0.4% on average in anticipation of a driving season in the US with strong demand. In metals, the bias is positive, among which nickel stands out with an increase of 2.1%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,833.61	0.5%
S&P 500	4,293.93	0.6%
Nasdaq	13,238.52	1.0%
IPC	54,338.18	0.1%
Ibovespa	115,488.16	0.0%
Euro Stoxx 50	4,297.68	0.1%
FTSE 100	7,599.74	-0.3%
CAC 40	7,222.15	0.3%
DAX	15,989.96	0.2%
Nikkei 225	31,641.27	-0.9%
Hang Seng	19,299.18	0.2%
Shanghai Composite	3,213.59	0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	4.51	-4pb
10-year Treasuries	3.72	-8pb
28-day Cetes	11.31	0pb
28-day TIIE	11.51	1pb
2-year Mbono	10.26	-7pb
10-year Mbono	8.85	-5pb
<i>Currencies</i>		
USD/MXN	17.38	0.1%
EUR/USD	1.08	0.8%
GBP/USD	1.26	1.0%
DXY	103.34	-0.7%
<i>Commodities</i>		
WTI	71.29	-1.7%
Brent	75.96	-1.3%
Mexican mix	65.67	-1.3%
Gold	1,965.46	1.3%
Copper	379.50	1.0%

Source: Bloomberg

## Corporate Debt

- **Fitch Ratings affirmed the ratings of Bepensa and its subsidiary Bepensa Bebidas at 'AAA(mex)' and the international ratings (IDR) at 'BBB'. The outlook is Stable. Bepensa's ratings reflect the diversification of its business portfolio, which includes a stake in the beverage (alcoholic and non-alcoholic), industrial and financial services sectors**
- **Moody's Local Mexico assigned 'AA+.mx' ratings to Fibra Educa and its proposed unsecured notes EDUCA 23L / 23-2L / 23UL, with a Stable outlook. The ratings reflect Fibra Educa's position as the only nationwide REIT specializing in the acquisition, development and leasing of educational real estate, the long remaining term of its leases and the solid financial performance of its tenants**

## 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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