

Financial Markets Daily

June 14, 2023

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields up and USD down. Investors anticipate a pause from the Fed and expect a *hawkish* tone from Powell that leaves the door open for an additional hike if data warrants it. Attention on *dot plot* and macroeconomic framework update**
- **We expect the Fed to keep the benchmark rate unchanged at 5.00%-5.25%, but estimate hikes in the *dot plot* median for 2023 along with signs from Powell that a further hike in July is likely**
- **The International Energy Agency (IEA) said global oil demand will decline in the coming years as high prices and Russia's invasion of Ukraine accelerate the transition to renewables**
- **Authorities in China are exploring alternatives to outline stimulus measures and have held urgent meetings with leaders from several sectors. In response, executives are calling on the government to adopt a more market-oriented, rather than centrally-planning approach. At night, the Asian country will publish industrial production, retail sales and gross fixed investment for May. The figures are expected to show a slowdown, although with still high annual variations favored by low comparison bases**
- **In Mexico, Banxico will publish its Financial Stability Report**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
	Banxico's Financial Stability Report				
United States					
8:30	Producer prices* - May	% m/m	--	-0.1	0.2
8:30	Ex. food & energy* - May	% m/m	--	0.2	0.2
14:00	FOMC Rate Decision (Upper Bound)	%	5.25	5.25	5.25
14:00	FOMC Rate Decision (Lower Bound)	%	5.00	5.00	5.00
14:00	Interest Rate on Excess Reserves (IOER)	%	--	5.15	5.15
14:30	Fed Chair Holds Press Conference Following F	0.0			
China					
22:00	Industrial production - May	% y/y	--	3.5	5.6
22:00	Retail sales - May	% y/y	--	13.7	18.4
22:00	Gross fixed investment (YTD) - May	% y/y	--	4.4	4.7

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.
Equity indices		
S&P 500 Futures	4,424.75	0.2%
Euro Stoxx 50	4,378.05	0.7%
Nikkei 225	33,502.42	1.5%
Shanghai Composite	3,228.99	-0.1%
Currencies		
USD/MXN	17.18	-0.2%
EUR/USD	1.08	0.3%
DX	103.07	-0.3%
Commodities		
WTI	70.01	0.8%
Brent	74.84	0.7%
Gold	1,950.00	0.3%
Copper	384.75	0.4%
Sovereign bonds		
10-year Treasury	3.79	-2pb

Source: Bloomberg

Equities

- Stock markets with a positive bias, where investors anticipate a pause in the Fed's interest rate hikes, following recent signs of a slowdown in inflation
- US futures trade mixed, however, the Nasdaq is trading 0.1% above its theoretical value, shaping the index towards highs not seen since April 2022. Particularly AMD, a major chipmaker, rises more than 2.8% on pre-market after showcasing its planned lineup of AI processors. Furthermore, Tesla was set for a record 14th consecutive session of gains. Meanwhile, Europe trades mostly higher, with the Eurostoxx rising 0.7%, supported by the real estate sector. Asia closed mixed
- On the domestic corporate front, Alsea continues to focus on improving profitability and agrees to sell El Porton

Sovereign fixed income, currencies and commodities

- Negative bias in sovereign bonds. European rates trade with adjustments of up to +7bps, except for GILTS which register gains concentrated in the short-end. Meanwhile, the Treasuries yield curve is little changed awaiting the Fed's decision. Yesterday, Mbonos closed with 2bps losses on average and the biggest adjustments on the short-end
- The dollar weakens for the third consecutive session (DXY -0.3%). G-10 currencies trade with gains and NZD (+0.4%) is the strongest. In emerging markets, trading is capped by ZAR (+1.2%) and KRW (-0.6%). The Mexican peso trades with positive bias at 17.21 per dollar. In the Asian session MXN marked its strongest level since May 2016 at 17.18
- Crude-oil futures are up 0.7% despite a low global demand growth outlook according to International Energy Agency estimates. In metals, gains prevail, with nickel up 1.2%

Corporate Debt

- Monex (Trustee) reported that Grupo Radio Centro failed to pay the Mandatory Partial Early Amortization of its outstanding bonds (RCENTRO 16 / 17 / 17-2), for the amounts of MXN 22.72 million for series 16, MXN 33.54 million for series 17 and MXN 18.74 million for series 17-2, whose payment date was June 9, 2023
- Therefore, a Cause of Early Expiration was updated, so that all amounts payable by Radio Centro in accordance with the notes may be declared due early by the Trustee as long as any bondholder or group of bondholders with at least 15% of the outstanding issuances notify the intention to declare them expired
- The issuances have an outstanding amount of MXN 1.3 billion and are rated 'D' by S&P and HR Ratings

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,212.12	0.4%
S&P 500	4,369.01	0.7%
Nasdaq	13,573.32	0.8%
IPC	54,574.75	0.5%
Ibovespa	116,742.71	-0.5%
Euro Stoxx 50	4,347.55	0.7%
FTSE 100	7,594.78	0.3%
CAC 40	7,290.80	0.6%
DAX	16,230.68	0.8%
Nikkei 225	33,018.65	1.8%
Hang Seng	19,521.42	0.6%
Shanghai Composite	3,233.67	0.1%
Sovereign bonds		
2-year Treasuries	4.67	9pb
10-year Treasuries	3.81	8pb
28-day Cetes	11.31	0pb
28-day TIE	11.50	-1pb
2-year Mbono	10.26	1pb
10-year Mbono	8.87	1pb
Currencies		
USD/MXN	17.22	-0.3%
EUR/USD	1.08	0.3%
GBP/USD	1.26	0.8%
DXY	103.34	-0.3%
Commodities		
WTI	69.42	3.4%
Brent	74.29	3.4%
Mexican mix	63.56	3.1%
Gold	1,943.74	-0.7%
Copper	383.10	2.1%

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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	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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