

Financial Markets Daily

June 15, 2023

Main drivers for the financial markets today...

- **Stock markets negative, with the USD higher and government yields positive, with investors assimilating a more hawkish tone from the Fed –suggesting more hikes–, weak data in China, and concerns over the gas supply in Europe given the closure of a gas field in the Netherlands**
- **On the monetary front, the ECB raised its benchmark rates by 25bps, taking the deposit rate to 3.50%, maintaining a hawkish tone, with additional inflation concerns. Last night, the PBoC cut its 1-year rate for medium-term funding by 10bps to 2.65%, coming on top of other monetary stimulus measures in the week. In addition, we will have the decision from the BoJ tonight, anticipating no changes to the interest rate, although possibly adjusting its yield curve control program**
- **In terms of economic data, in China, activity figures for May disappointed again, with industrial production advancing 3.5% y/y and retail sales up 12.7%. Meanwhile, in the US, the latter indicator showed an increase of 0.3% m/m, although with the control group at 0.2%. In addition, weekly jobless claims were stable at 262 thousand, while the Empire manufacturing indicator (June) rebounded strongly to 6.6pts. Later in the day, we expect May's industrial production**

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Winners of the 2023 award for best Mexico economic
forecasters, granted by Focus Economics



The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Trade balance* - Apr	EURbn	--	5.0	17.0
8:15	Monetary policy decision (ECB)	%	3.50	3.50	3.25
8:45	ECB President Christine Lagarde Holds Press Conference				
<i>United States</i>					
8:30	Advance retail sales* - May	% m/m	-0.1	-0.1	0.4
8:30	Ex autos & gas* - May	% m/m	--	0.3	0.6
8:30	Control group* - May	% m/m	0.1	0.2	0.7
8:30	Initial jobless claims* - Jun 10	0.0	251	250	261
8:30	Empire manufacturing* - Jun		-10.0	-15.1	-31.8
8:30	Philadelphia Fed* - Jun	index	-11.0	-13.0	-10.4
9:15	Industrial production* - May	% m/m	0.1	0.1	0.5
9:15	Manufacturing production* - May	% m/m	0.0	0.0	1.0
<i>Japan</i>					
	Monetary policy decision (BoJ)	%	--	-0.10	-0.10

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	4,398.00	-0.5%
Euro Stoxx 50	4,334.44	-0.9%
Nikkei 225	33,485.49	-0.1%
Shanghai Composite	3,252.98	0.7%
<i>Currencies</i>		
USD/MXN	17.21	0.6%
EUR/USD	1.09	0.3%
DX	102.84	-0.1%
<i>Commodities</i>		
WTI	68.73	0.7%
Brent	73.72	0.7%
Gold	1,932.34	-0.5%
Copper	386.50	-0.1%
<i>Sovereign bonds</i>		
10-year Treasury	3.76	-3pb

Source: Bloomberg

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Equities

- **Equity markets mixed, reflecting investors' concerns about higher interest rates for longer than expected, while weak economic data is registered in China**
- **US futures anticipate a negative opening, with the S&P500 trading 0.4% below its theoretical value. Europe trades mostly lower, with the Eurostoxx declining 0.9%, dragged down by the real estate and technology sectors'. Although Asia closed mixed, the Hang Seng rose 2.2% and the Shanghai 0.7%, supported by the cut in China's reference interest rates and the possibility of greater stimulus for the economy. Meanwhile, Baba and Baidu rose prior to the opening of the US market**
- **In Mexico, the Mexbol Index could reach around 54,700pts, following the movement of its international peers**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. European assets adjust up to +13bps. The Treasuries' curve trades with losses of 2bp at the belly. Yesterday, the Mbonos' curve closed with a flattening bias as a result of 2bps losses at the short- and mid-end, while the long-end gained 3bps**
- **The dollar advances, DXY (+0.1%), while G10 currencies record mixed performance with EUR (+0.4%) and JPY (-0.6%) at the extremes. In EM, the performance is negative with HUF (-1.0%) as the weakest. The MXN depreciates 0.7% to 17.24 per dollar, after gaining 0.7% yesterday**
- **Crude-oil futures gain around 1.0% diluting part of yesterday's losses following the hawkish tone of the Fed. Metals trade with negative bias with gold falling 0.8% as investors assess a scenario of higher interest rates for a longer period of time**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,979.33	-0.7%
S&P 500	4,372.59	0.1%
Nasdaq	13,626.48	0.4%
IPC	55,145.43	1.0%
Ibovespa	119,068.77	2.0%
Euro Stoxx 50	4,375.98	0.7%
FTSE 100	7,602.74	0.1%
CAC 40	7,328.53	0.5%
DAX	16,310.79	0.5%
Nikkei 225	33,502.42	1.5%
Hang Seng	19,408.42	-0.6%
Shanghai Composite	3,228.99	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	4.69	2pb
10-year Treasuries	3.79	-3pb
28-day Cetes	11.31	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.29	3pb
10-year Mbono	8.85	-2pb
<i>Currencies</i>		
USD/MXN	17.11	-0.7%
EUR/USD	1.08	0.3%
GBP/USD	1.27	0.4%
DXY	102.95	-0.4%
<i>Commodities</i>		
WTI	68.27	-1.7%
Brent	73.20	-1.5%
Mexican mix	63.01	-0.9%
Gold	1,942.52	-0.1%
Copper	387.65	0.9%

Source: Bloomberg

Corporate Debt

- **Alsea reported that it reached an agreement for the sale of 'El Portón' operations in Mexico. According to the statement, as part of the agreement, there will be a transition period to perfect said transaction and Alsea will stop operating the 15 units of 'El Portón' and two of 'Corazón de Barro' that it had at the end of 1Q23**
- **Currently, Alsea has four issuances in the long-term debt market, ALSEA 15-2 / 17-2 / 19 / 19-2, with an outstanding amount of MXN 7.0 billion and maturities in 2025, 2027, 2024 and 2026, respectively. Alsea is currently rated 'A+(mex)' by Fitch Ratings and 'HR A-' by HR Ratings**
- **It was reported that the total early amortization of INVEX 21 for MXN 2.0 billion will be carried out today, by virtue of the fact that the established conditions have been fully met**

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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 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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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