

# Financial Markets Daily

June 16, 2023

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

- **Stock markets positive, with government bond yields mixed and the USD appreciating slightly, highlighting expectations of additional stimulus in China and that the Fed may end the tightening cycle sooner than anticipated. We expect a volatile session, considering the expiration of futures and options in the US, coinciding with the quarterly rebalancing of the S&P500**
- **On the monetary front, yesterday the BoJ kept its monetary stance unchanged, continuing with accommodative policies. Today, in the US, focus will be on the reactions to comments from Bullard (St. Louis), Waller (Fed Board) and Barkin (Richmond). Meanwhile, recent participations from ECB officials support the language seen in yesterday's decision that hikes will continue**
- **Regarding economic data, May's Eurozone inflation was in line with preliminary data at 6.1%, with the core at 5.3%. In Brazil, economic activity grew 0.6% m/m in April. In the US, we await the University of Michigan's consumer sentiment for June**
- **In other news, the world awaits US Secretary of State Anthony Blinken's visit to China this weekend, hoping that tensions between the two countries can be reduced at the margin. In this context, President Xi Jinping commented that he hopes the mutually beneficial relationship between the two countries can continue**
- **In Mexico, President López Obrador met with the President of the European Commission, Ursula von der Leyen, agreeing to accelerate the form of the EU-Mexico Global Agreement, which has been under negotiation since 2020**

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#1 OVERALL FORECASTER - MEXICO



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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,473.50	0.0%
Euro Stoxx 50	4,392.12	0.6%
Nikkei 225	33,706.08	0.7%
Shanghai Composite	3,273.33	0.6%
<i>Currencies</i>		
USD/MXN	17.12	0.0%
EUR/USD	1.10	0.2%
DXY	102.09	0.0%
<i>Commodities</i>		
WTI	70.61	0.0%
Brent	75.71	0.1%
Gold	1,967.63	0.5%
Copper	389.40	-0.2%
<i>Sovereign bonds</i>		
10-year Treasury	3.74	2pb

Source: Bloomberg

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Consumer prices - May (F)	% y/y	--	6.1	6.1
5:00	Core - May (F)	% y/y	--	5.3	5.3
<i>Brazil</i>					
8:00	Economic activity - Apr	% y/y	--	1.5	5.5
8:00	Economic activity* - Apr	% m/m	--	0.1	-0.2
<i>United States</i>					
10:00	U. of Michigan Confidence* - Jun (P)	index	61.0	60.1	59.2

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

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## Equities

- **Optimism among investors continues, leading to a major rally in stock markets about to conclude the best week since March. However, today high volatility is expected on the second 'Triple Witching Day' of the year -major expiration of futures and options in the US-, and coinciding with the quarterly rebalancing of benchmark indexes including the S&P500; trading volumes may surge 4x-5x**
- **Futures in the US show small changes, and the appetite for artificial intelligence (AI) stocks continues. The S&P500 continues to reflect a 'bull market'. Adobe Inc shares react positively to higher-than-expected earnings and optimism about AI's potential**
- **In Europe we see widespread gains supported mainly by consumption, mining, energy, and some luxury stocks. In Asia, we also see positive closures, standing out the Hang Seng, while the expectation of greater stimulus in China continues to support risk appetite**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European rates post gains of up to 6bps while the Treasuries yield curve shows a flattening bias, resulting from 4bps pressures on the short-end and few changes on long-term tenors. Yesterday, Mbonos' curve closed with an appreciation of 4bps on average and the 10-year benchmark at 8.78% (-6bps)**
- **The dollar trades with few changes on the BBDXY while developed and emerging currencies post mixed changes. In the former group, trading is capped by GBP (+0.3%) and JPY (-0.5%) and in the latter, KRW (+0.6%) is the strongest and PLN (-0.4%) is at the opposite end. MXN trades little changed at 17.12 per dollar**
- **Crude-oil futures trade sideways with investors weighing a tightening scenario and the prospect of stimulus in China. In metals, the bias is positive, silver stands out with an advance of 1.2%**

## Corporate Debt

- **Fibra Monterrey informed investors that it successfully completed the execution and drawdown of a bilateral loan with BBVA for an initial principal amount of US\$150 million. The purpose of the proceeds was to prepay and replace the amount drawn under the Syndicated Loan entered into on December 3, 2021, so it will have no effect on the level of debt. The new loan is free of guarantees, with a single payment at maturity, an initial 5-year term and variable rate drawdowns. As a result of this transaction, the financial cost of the US\$150 million will be reduced by more than 60 basis points**
- **S&P Global Ratings assigned 'mxAAA' ratings to Comisión Federal de Electricidad's issuances. The proposed CFE bonds are intended to be placed through communicating vessels for an aggregate amount of up to MXN 10 billion on June 29, 2023**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,408.06	1.3%
S&P 500	4,425.84	1.2%
Nasdaq	13,782.82	1.1%
IPC	55,344.25	0.4%
Ibovespa	119,221.00	0.1%
Euro Stoxx 50	4,365.12	-0.2%
FTSE 100	7,628.26	0.3%
CAC 40	7,290.91	-0.5%
DAX	16,290.12	-0.1%
Nikkei 225	33,485.49	-0.1%
Hang Seng	19,828.92	2.2%
Shanghai Composite	3,252.98	0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	4.64	-5pb
10-year Treasuries	3.72	-7pb
28-day Cetes	11.31	0pb
28-day TIE	11.50	0pb
2-year Mbono	10.27	-1pb
10-year Mbono	8.79	-5pb
<i>Currencies</i>		
USD/MXN	17.12	0.1%
EUR/USD	1.09	1.1%
GBP/USD	1.28	0.9%
DXY	102.12	-0.8%
<i>Commodities</i>		
WTI	70.62	3.4%
Brent	75.67	3.4%
Mexican mix	64.90	3.0%
Gold	1,958.01	0.8%
Copper	390.40	0.7%

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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<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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