

Financial Markets Daily

June 20, 2023

Main drivers for the financial markets today...

- **Stock markets negative, government bond yields down and USD with few changes. Investors return from US holiday weighing economic risks, uncertainty in China and elevated valuations after previous week's rally in equities**
- **China cut prime rates on one-year and five-year loans by 10bps, the first adjustment in 10 months. The authorities are evaluating monetary and fiscal stimulus measures to try to shore up the recovery, which is losing momentum. US Secretary of State Anthony Blinken's visit to China ended. The trip is said to have achieved its goal because some high-level communications were resumed**
- **In the US, housing starts and construction permits for May were published well above estimates. The former posted a 21.7% m/m advance after a fall of 2.9% the previous month, while permits grew 5.2% m/m after a contraction of 1.4%. On the monetary policy front there will be interventions from Fed's Bullard, Williams and Barr as well as several members of the ECB**
- **In Mexico, INEGI published April's retail sales at 1.5% m/m (3.8% y/y). 6 out of the 9 sectors advanced, with strength centered in supermarket and departmental stores (4.4% m/m). Banking sector expectations survey will be released later**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Retail sales - Apr	% y/y	1.8	2.5	2.5
8:00	Retail sales* - Apr	% m/m	0.2	--	0.0
11:00	International reserves - Jun 16	US\$bn	--	--	203.0
13:00	Government weekly auction: 1-, 3-, 6-, 24- month CETES; 3-year Mbono (Sep'26); 30-year Udibono (Nov'50) and 1-, and 3-year Bondes F				
16:30	Survey of expectations (Citibanamex)				
United States					
6:30	Fed's Bullard Speaks at Barcelona School of Economics				
8:30	Housing starts** - May	thousands	--	1,400	1,401
8:30	Building permits** - May	thousands	--	1,425	1,417
11:45	Fed's Williams Speaks on Leadership at NY Fed Event				

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	4,439.25	-0.3%
Euro Stoxx 50	4,349.91	-0.3%
Nikkei 225	33,388.91	0.1%
Shanghai Composite	3,240.37	-0.5%
Currencies		
USD/MXN	17.11	0.2%
EUR/USD	1.09	0.1%
DX	102.48	0.0%
Commodities		
WTI	71.74	-0.1%
Brent	76.82	1.0%
Gold	1,951.54	0.1%
Copper	387.10	-0.5%
Sovereign bonds		
10-year Treasury	3.76	0pb

Source: Bloomberg

Equities

- Negative movements in equity markets with investors cautious amid nervousness over the economic outlook, heightened by related uncertainty over how long interest rates could remain high
- In Asia most markets closed negative. In Europe declines in stocks predominate, the Eurostoxx falls 0.3%. Shares from consumer discretionary and materials sectors lead losses, while those from health care and utilities are the biggest gainers. In turn, in the US operations will resume after yesterday's holiday and the futures of main indices point to a negative open by falling 0.3% on average
- In Mexico, the Mexbol Index may stand below the 54,800 pts

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. European rates register gains of 6bps and GILTS stand out with adjustments of -14bps. The Treasuries yield curve trades with gains of 1bp on the short-end and few changes on the long-end. Yesterday, the Mbonos curve closed with mixed changes in the face of low trading volume
- The dollar trades sideways and little changed on the BBDXY. Meanwhile, most of the G-10 currencies trade in negative territory and the emerging currencies with mixed changes. In the first group, AUD (-0.9%) is the weakest and in the second group, trading is capped by PHP (+0.3%) and RUB (-0.5%). The Mexican peso loses 0.1% to 17.10 per dollar
- Crude-oil futures trade mixed with Brent (+0.8%) reacting to an increase in the volume purchased by a Chinese refinery, however, there are concerns about lower global demand for turbosine. Negative bias in metals, among which nickel (-2.4%) stands out

Corporate Debt

- Fibra Shop announced that it signed a credit agreement with a revolving line of credit for up to MXN 2.4 billion, and a maximum term of four years. The funds from the loan will be used to refinance the current revolving line
- Grupo Traxión announced that it completed the acquisition of BBA Logistics in the US. The agreed price of the transaction was US\$10 million in cash
- Fibra Prologis announced the acquisition of three Prologis properties located in Ciudad Juárez, Monterrey, and Tijuana for a total purchase price of US\$79.4 million. The properties comprise 651,248 square feet of industrial space and are fully leased in US dollars

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,299.12	0.0%
S&P 500	4,409.59	0.0%
Nasdaq	13,689.57	0.0%
IPC	54,931.06	0.2%
Ibovespa	119,857.76	0.9%
Euro Stoxx 50	4,362.38	-0.7%
FTSE 100	7,588.48	-0.7%
CAC 40	7,314.05	-1.0%
DAX	16,201.20	-1.0%
Nikkei 225	33,370.42	-1.0%
Hang Seng	19,912.89	-0.6%
Shanghai Composite	3,255.81	-0.5%
Sovereign bonds		
2-year Treasuries	4.71	0pb
10-year Treasuries	3.76	0pb
28-day Cetes	11.31	0pb
28-day TIE	11.50	0pb
2-year Mbono	10.32	1pb
10-year Mbono	8.80	1pb
Currencies		
USD/MXN	17.08	0.0%
EUR/USD	1.09	-0.1%
GBP/USD	1.28	-0.2%
DXY	102.52	0.3%
Commodities		
WTI	71.78	0.0%
Brent	76.09	-0.7%
Mexican mix	66.06	0.0%
Gold	1,950.48	-0.4%
Copper	389.85	0.0%

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>
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