

# Financial Markets Daily

June 22, 2023

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

- Negative stock markets, dollar down and government bond yields up due to fears of tightening of the monetary policy of central banks in the world - England and Norway with higher than expected increases- due to concerns of inflation and frustrating the bets of the end of tightening cycles
- The Bank of England (BoE) increased its benchmark interest rate by 50bp to 5.00%, Norway +50bp, Switzerland +25bp, while Turkey +650bp
- Attention to comments by Powell -before the Senate Banking Committee, and Fed's Bowman, Mester and Barkin looking for signs of the next decisions. In the US, jobless claims were published for the week ending June 17, at 264k the same as the previous week, which points to less strength in the labor market. Later, the May existing home sales report is expected
- In Mexico, Banxico's monetary policy decision will be announced, where we expect the rate unchanged at 11.25% with a unanimous vote. INEGI released inflation for 1H-June at 0.02% 2w/2w, with the core at 0.11%, both below expectations. As such, the annual print moderated to 5.18% from 5.67% in the previous fortnight

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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
<b>UK</b>					
7:00	Monetary policy decision (BoE)	%	--	4.75	4.50
<b>Turkey</b>					
7:00	Monetary policy decision (Central Bank of Turkey)	%	--	20.00	8.50
<b>Mexico</b>					
8:00	Consumer prices - Jun 15	% m/m	0.02	0.14	-0.01
8:00	Core	% m/m	0.19	0.22	0.17
8:00	Consumer prices - Jun 15	% y/y	5.17	5.30	5.67
8:00	Core	% y/y	6.99	7.04	7.32
15:00	Monetary policy decision (Banxico)	%	11.25	11.25	11.25
<b>United States</b>					
4:00	Fed's Waller Speaks at Central Bank of Ireland Conference				
8:30	Initial Jobless Claims* - Jun 17	thousands	261	255	262
9:55	Fed's Bowman Speaks at Fed Listens Event in Cleveland				
10:00	Fed Chair Powell Appears Before Senate Banking Panel				
10:00	Fed's Mester Speaks on the Economic Outlook in Cleveland				
10:00	Existing home sales** - May	thousands	--	4.3	4.3
16:30	Fed's Barkin Speaks at Risk Management Association				

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.
<b>Equity indices</b>		
S&P 500 Futures	4,400.00	-0.2%
Euro Stoxx 50	4,289.30	-0.8%
Nikkei 225	33,264.88	-0.9%
Shanghai Composite	3,197.90	0.0%
<b>Currencies</b>		
USD/MXN	17.18	0.4%
EUR/USD	1.10	0.0%
DX	102.15	0.1%
<b>Commodities</b>		
WTI	71.03	-2.1%
Brent	75.60	-2.0%
Gold	1,925.15	-0.4%
Copper	393.20	0.5%
<b>Sovereign bonds</b>		
10-year Treasury	3.75	3pb

Source: Bloomberg

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## Equities

- Negative equity markets, where participants continue to debate the path of monetary policy, recession risks, as well as equity valuations given the S&P500 rally
- US futures trade lower, with the S&P 500 trading -0.2% below its notional value. Where Tesla declines 4% prior to the open following an adjustment in the company's recommendation given a tighter valuation. Europe, registers generalized declines, with energy and consumer discretionary sectors' leading the losses. In Asia, equities closed lower, with a 0.9% drop in the Nikkei
- In Mexico, the Mexbol index could hover around 53,700pts

## Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. European assets adjust up to +8bps. The Treasuries' curve trades with 1bp losses concentrated at the long-end. Yesterday, the Mbonos' curve gained 2bps, on average, with the 10-year benchmark, May'33, closing at 8.73% (-3bps)
- The dollar remain stable, while G10 currencies post positive returns with NOK (+1.1%) leading the gains. In EM, the bias is also mixed with TRY (-2.5%) as the weakest, trading at record low following a smaller-than-expected rate rise. The MXN depreciates 0.3% to 17.17 per dollar, after gaining 0.6% yesterday
- Crude-oil futures fall nearly 2.0% from their highest in four weeks. This follows hawkish comments from Powell arguing that two additional hikes in the second half of the year is a good estimate. Metals trade with mixed bias with gold and copper adjusting -0.5% and +0.8% respectively

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	33,951.52	-0.3%
S&P 500	4,365.69	-0.5%
Nasdaq	13,502.20	-1.2%
IPC	54,063.91	-0.6%
Ibovespa	120,420.26	0.7%
Euro Stoxx 50	4,322.75	-0.5%
FTSE 100	7,559.18	-0.1%
CAC 40	7,260.97	-0.5%
DAX	16,023.13	-0.5%
Nikkei 225	33,575.14	0.6%
Hang Seng	19,218.35	-2.0%
Shanghai Composite	3,197.90	-1.3%
<b>Sovereign bonds</b>		
2-year Treasuries	4.72	3pb
10-year Treasuries	3.72	0pb
28-day Cetes	11.31	0pb
28-day TIE	11.50	0pb
2-year Mbono	10.24	-4pb
10-year Mbono	8.74	-3pb
<b>Currencies</b>		
USD/MXN	17.12	-0.5%
EUR/USD	1.10	0.6%
GBP/USD	1.28	0.0%
DX	102.07	-0.5%
<b>Commodities</b>		
WTI	72.53	2.9%
Brent	77.12	1.6%
Mexican mix	66.78	1.9%
Gold	1,932.55	-0.2%
Copper	391.05	0.4%

Source: Bloomberg

## Corporate Debt

- S&P Global affirmed Conmex's 'mxAAA' and OPI's 'mxAA-' ratings. Project traffic contracted 1% in 2022 from pre-pandemic levels and grew 7% during 1H23
- HR Ratings affirmed Fibra Storage's rating at 'HR AA' with a Stable outlook. The affirmation is based on average Free Cash Flow generation of MXN 302 million from 2023 to 2028, which would be partially offset by increased debt service pressures starting in 2025
- Fitch Ratings affirmed Grupo Traxión's ratings at 'A+(mex)' with Stable outlook. The ratings reflect the company's diversified business portfolio within the transportation industry, as well as its solid commercial position in Mexico

## Certification of Analysts.

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 Thalia 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, Juan Carlos Mercado Garduño, 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
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
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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