Banorte Research and Strategy

Financial Markets Daily

June 28, 2023

Main drivers for the financial markets today…

- **Stock markets positive –albeit with S&P500 futures lower–, government bond yields negative while the USD strengthens. Cautiousness in the tech sector given the possibility of the US government implementing tighter control son semiconductor exports to China while they await comments from central bankers**

- **On the monetary front, attention on the ECB's Annual Central Banking Forum in Sintra, where today we will have comments from Jerome Powell (Fed), Christine Lagarde (ECB), Kazuo Ueda (BoJ) y Andrew Bailey and (BoE). In addition, in the evening the Fed will unveil the results from the bank's stress tests**

- **Chinese President, Xi Jinping, commented that they will keep seeking the arrival of FDI, strengthening the legal framework around it. In this context, expectations that fiscal and monetary stimulus in China will be extended continue, with a survey of analysts showing additional cuts to lending rates and reserve requirements. In addition, they anticipate tax cuts for both consumers and businesses**

- **President Joe Biden mentioned that he does not believe the US will enter a recession, quoting that most recent data points to a resilient economy. In addition, a speech from his is expected today in Chicago, in which he will concentrate on his economic proposals ahead of the 2024 election**

- **In Brazil, a judge found former President Jair Bolsonaro guilty of abuses of power during the 2022 election and voted in favor of banning him from political activities for eight years**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	Monetary aggregates (M3)* - May	EURbn	--	1.5	1.9
9:30	Fed's Powell, ECB's Lagarde, BOJ's Ueda, BOE's Bailey: Sintra				
United States					
8:30	Trade balance* - May	US$bn	--	-93.4	-96.8

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	4,408.75	-0.2%
Euro Stoxx 50	4,340.95	0.8%
Nikkei 225	33,193.99	2.0%
Shanghai Composite	3,189.38	0.0%
Currencies		
USD/MXN	17.12	0.2%
EUR/USD	1.09	-0.3%
DXY	102.90	0.4%
Commodities		
WTI	67.53	-0.3%
Brent	71.82	-0.6%
Gold	1,907.82	-0.3%
Copper	372.20	-1.3%
Sovereign bonds		
10-year Treasury	3.73	-3pb

Source: Bloomberg

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Equities

- **Stock markets with positive sentiment, reflecting appetite for risky assets as certain technology companies maintain a favorable outlook together with resilience in some economic data, although caution prevails for semiconductor companies in the US due to possible regulatory measures**

- **US futures anticipate a negative opening, with the Nasdaq trading 0.4% below its theoretical value. In that regard, Nvidia and AMD are falling more than 2.5% on pre-market following a US report suggesting further tightening of restrictions on chip exports to China. Meanwhile, Europe trades mostly higher, with the Eurostoxx increasing 0.8%. Asia closed with a positive bias, the Nikkei rose 2.0%**

- **In Mexico, the Mexbol Index could be above 54,000pts, following its international peers**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. European rates adjust up to -6bps on 10-year benchmarks while, the Treasuries yield curve trades with gains of 2bps on average. Yesterday, the Mbonos' curve lost 3bps on average and the 2-year benchmark closed at 10.39% (+5bps) ending 5 consecutive days with gains**

- **The USD strengthens (BBDXY +0.4%) while G-10 currencies trade in negative territory with NZD (-1.3%) as the weakest. In emerging currencies losses also dominate, with ZAR (-1.1%) leading the decliners. The Mexican peso once again behaves as a proxy for the dollar, trading with marginal changes at 17.09 per dollar**

- **Crude-oil futures extend yesterday's losses amid signs of an oversupplied market for 2H23. In metals, losses prevail and nickel stands out printing a drop of 3.4%**

Corporate Debt

- **S&P Global Ratings raised its national scale long-term debt ratings to 'mxBBB (sf)' and 'mxBB (sf)' from 'mxB+ (sf)' and 'mxB (sf)' on BRHSCCB 06-5U and 06-6U (Su Casita's RMBS), respectively. According to the agency, the ratings upgrade reflects its opinion on the improvement of the trust's financial position, as a result of the deleveraging of the transaction since its last rating action, which generated a positive impact on the credit protection levels available for both classes, especially during the last year**

- **HR Ratings affirmed the ratings of Start Banregio at 'HR AAA' with Stable outlook and of ST at 'HR+1'. The ratings affirmation is based on the explicit financial support that the lessor continues to have from Banregio ('HR AAA' with Stable Outlook)**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,926.74	0.6%
S&P 500	4,378.41	1.1%
Nasdaq	13,555.67	1.6%
IPC	53,926.91	1.1%
Ibovespa	117,522.87	-0.6%
Euro Stoxx 50	4,305.26	0.6%
FTSE 100	7,461.46	0.1%
CAC 40	7,215.58	0.4%
DAX	15,846.86	0.2%
Nikkei 225	32,538.33	-0.5%
Hang Seng	19,148.13	1.9%
Shanghai Composite	3,189.44	1.2%
Sovereign bonds		
2-year Treasuries	4.76	1pb
10-year Treasuries	3.76	4pb
28-day Cetes	11.31	0pb
28-day TIIE	11.49	-2pb
2-year Mbono	10.03	2pb
10-year Mbono	8.59	3pb
Currencies		
USD/MXN	17.08	-0.3%
EUR/USD	1.10	0.5%
GBP/USD	1.27	0.3%
DXY	102.49	-0.2%
Commodities		
WTI	67.70	-2.4%
Brent	72.26	-2.6%
Mexican mix	62.63	-2.1%
Gold	1,913.69	-0.5%
Copper	378.85	-0.4%

Source: Bloomberg

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 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, 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
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HOLD	*When the share expected performance is similar to the MEXBOL estimated performance.*
SELL	*When the share expected performance is lower than the MEXBOL estimated performance.*

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