

Financial Markets Daily

June 29, 2023

Main drivers for the financial markets today...

- **Stock markets positive, USD with negative bias and government bond yields up with investors focusing on robust company earnings -mainly financial and technology sectors- even as central banks aim to keep raising interest rates**
- **In a speech on US economic outlook, Fed's Bostic said he doesn't see as much urgency in raising rates as other members of the central bank and explained that they can wait and let monetary policy work. He highlighted that they have only been in restrictive territory for 8 to 10 months and expects the high levels of inflation to remain for a long period**
- **In the US, the final GDP data for 1Q23 was published at 2.0% annualized q/q, well above the 1.4% previously reported with a strong upward adjustment in private consumption from 3.8% to 4.2%. Jobless claims stood at 239k in the week ending June 24, well below the three previous weeks with levels above 260k. Pending home sales for May will be released later**
- **In other regions, China's June PMIs will be published**

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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	EZ Consumer Confidence* - Jun (F)	index	--	--	-16.1
5:00	EZ Economic confidence* - Jun	index	--	95.8	96.5
8:00	GER Consumer prices - Jun (P)	% y/y	--	6.3	6.1
<i>Brazil</i>					
7:00	Central Bank Quarterly Inflation Report				
<i>United States</i>					
2:30	Fed's Powell Takes Part in a Discussion at the Bank of Spain				
6:00	Fed's Bostic Speaks on US Economic Outlook				
8:30	Gross domestic product** - 1Q23	% q/q	1.3	1.4	1.3
8:30	Personal consumption** - 1Q23	% q/q	--	3.8	3.8
8:30	Initial jobless claims* - Jun 24	thousands	263	265	264
<i>China</i>					
21:30	Manufacturing PMI* - Jun	index	--	49.0	48.8
21:30	Non-manufacturing PMI* - Jun	index	--	53.7	54.5
21:30	Composite PMI Output* - Jun	index	--	-	52.9

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	4,427.75	0.2%
Euro Stoxx 50	4,365.13	0.5%
Nikkei 225	33,234.14	0.1%
Shanghai Composite	3,182.38	-0.2%
<i>Currencies</i>		
USD/MXN	17.12	0.1%
EUR/USD	1.09	-0.3%
DX	103.12	0.2%
<i>Commodities</i>		
WTI	69.18	-0.5%
Brent	73.69	-0.5%
Gold	1,896.17	-0.6%
Copper	366.80	-1.5%
<i>Sovereign bonds</i>		
10-year Treasury	3.80	10pb

Source: Bloomberg

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Equities

- **Stock markets with positive sentiment, with investors attentive to corporate news indicating a better outlook going forward, as well as the scenario for corporate earnings**
- **In the US, S&P 500 and Nasdaq futures tick higher, chipmakers companies' rose ahead of the market open. This, after forecasting revenues that exceeded analysts' estimates. Likewise, Bank of America and Wells Fargo led gains in financial institution stocks after passing the Federal Reserve's stress test**
- **In Europe, markets closed with a positive bias. In the Eurostoxx index, consumer discretionary stocks were the top gainers, especially auto stocks. In Asia, markets closed mixed, with the Nikkei slightly unchanged, advancing 0.1% and the Hang Seng down 1.2%**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. European assets adjust up to +8bps. The Treasuries' curve trades with 12bps losses concentrated at the short-end and the belly. Yesterday, the Mbonos' curve registered a flattening bias with adjustments of +2bps at the short-end, while the long-end gained 2bps**
- **The dollar advances, while G10 currencies post negative returns with SEK (-0.6%) leading the losses. In EM, the bias is also negative with RUB (-1.5%) as the weakest. The MXN trades with few changes at 17.10 per dollar, after losing 0.1% yesterday**
- **Crude-oil futures stabilize after the EIA release US crude-oil inventories with a 9.6 million barrel drop, as well as a strong demand for gasoline and jet flies. Metals trade with negative bias with copper and palladium falling 1.5% and 1.1% respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,852.66	-0.2%
S&P 500	4,376.86	0.0%
Nasdaq	13,591.75	0.3%
IPC	53,460.06	-0.9%
Ibovespa	116,681.32	-0.7%
Euro Stoxx 50	4,344.75	0.9%
FTSE 100	7,500.49	0.5%
CAC 40	7,286.32	1.0%
DAX	15,949.00	0.6%
Nikkei 225	33,193.99	2.0%
Hang Seng	19,172.05	0.1%
Shanghai Composite	3,189.38	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.71	-5pb
10-year Treasuries	3.71	-6pb
28-day Cetes	11.31	0pb
28-day TIIE	11.50	1pb
2-year Mbono	10.05	3pb
10-year Mbono	8.60	1pb
<i>Currencies</i>		
USD/MXN	17.09	0.1%
EUR/USD	1.09	-0.4%
GBP/USD	1.26	-0.9%
DXY	102.91	0.4%
<i>Commodities</i>		
WTI	69.56	2.7%
Brent	74.03	2.4%
Mexican mix	63.96	2.1%
Gold	1,907.32	-0.3%
Copper	374.25	-1.2%

Source: Bloomberg

Corporate Debt

- **S&P Global Ratings downgraded Metrofinanciera's RMBS, MFCB 05U, to 'mxCC (sf)' from 'mxCCC (sf)'. According to the agency, the downgrade reflects the observed deterioration in its credit protection levels, which include the guarantee of timely payment, as well as S&P Global's view that a default is highly probable**
- **Fitch affirmed Liverpool's 'AAA(mex)' rating; Stable Outlook. According to the agency, the rating reflects Liverpool's strong business position in Mexico and its geographic and store format diversification**
- **The resolutions of the VASCONI 19 bondholders' meeting held on June 26 were announced. The main agreement was the hiring of the law firm Sainz Abogados, S.C. to provide advice on the process and final conditions of the Standby Agreement and the possible liability restructuring plan**

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