

# Financial Markets Daily

June 30, 2023

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

- **Stock markets up, with government bond yields slightly positive, and the USD lower, reacting to US inflation data, adjusting expectations of further Fed hikes downward**
- **In the US, results of the May's income and spending report were somewhat mixed, highlighting that the PCE deflator –the Fed's preferred inflationary measure– came in line with expectations at 3.8% y/y, with the core at 4.6%**
- **In China, PMIs continue to show signs of a slowdown. The manufacturing index fell to 49.0pts, while non-manufacturing came in at 53.2pts. In the Eurozone, preliminary inflation data for June resulted at 5.5% y/y, in line with expectations. However, the core accelerated again to 5.4%**
- **In Mexico, INEGI released May's employment report. The unemployment rate climbed to 2.93% (+11bps), with 648.3 thousand jobs lost. With seasonally adjusted figures came in at 2.96% (+9bps). Later in the day we await banking credit and public finances. Finally, on the monetary policy front, we await Colombia's decision on the target rate**

Alejandro Padilla Santana  
Chief Economist and  
Head of Research  
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA  
Executive Director of Economic Research  
and Financial Markets Strategy  
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas  
Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar  
Director of Market Strategy  
manuel.jimenez@banorte.com

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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	4,454.00	0.6%
Euro Stoxx 50	4,393.61	0.9%
Nikkei 225	33,189.04	-0.1%
Shanghai Composite	3,202.06	0.6%
<i>Currencies</i>		
USD/MXN	17.09	-0.2%
EUR/USD	1.09	0.1%
DXY	103.28	-0.1%
<i>Commodities</i>		
WTI	69.58	-0.4%
Brent	74.31	0.0%
Gold	1,905.24	-0.2%
Copper	369.15	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.86	3pb

Source: Bloomberg

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Consumer prices - Jun (P)	% y/y	--	5.6	6.1
5:00	Core - Jun (P)	% y/y	--	5.5	5.3
<i>Mexico</i>					
8:00	Unemployment rate - May	%	2.88	2.80	2.82
11:00	Banking credit - May	% y/y	5.4	--	5.5
16:30	Public finances (PSBR, year-to-date) - May	MXNmn	--	--	-115.9
<i>United States</i>					
8:30	Personal income* - May	% m/m	--	0.3	0.4
8:30	Personal spending* - May	% m/m	0.3	0.2	0.8
8:30	Real personal spending* - May	% m/m	0.2	0.1	0.5
8:30	PCE Deflator* - May	% m/m	0.1	0.1	0.4
8:30	Core* - May	% m/m	0.4	0.4	0.4
8:30	PCE Deflator - May	% y/y	3.8	3.8	4.4
8:30	Core - May	% y/y	4.7	4.7	4.7
10:00	U. of Michigan Confidence* - Jun (F)	index	63.9	63.9	63.9
<i>Colombia</i>					
14:00	Monetary policy decision (Banco de la República)	%	--	13.25	13.25

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

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## Equities

- **About to conclude the first half of the year, the main stock indices show a clear positive bias**
- **Futures in the US anticipate an upward opening, with the S&P500 trading 0.6% above its theoretical value and the Nasdaq doing the same at 0.8%. With this, the accumulated returns for the year are heading to ~15% and ~30% respectively, supported by the boom in artificial intelligence stocks recently. In corporate news, Nike shares fall, after an outlook that disappointed investors**
- **In Europe we observe widespread increases and that average about 0.8% with the energy sector leading the advances. In Asia, we see mixed closures, with China in positive territory and contrasting with the falls seen in Japan and Hong Kong**
- **In Mexico the Mexbol Index may approach to 54,000pts, to show a cumulative nominal return in the first half of the year of ~11%**

## Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European rates trade with losses of 1bp, except for GILTS, which trade with adjustments of up to +8bps on the short-end. Meanwhile, the Treasuries yield curve shows losses of 4bps on average. Yesterday, the Mbonos' curve lost 9bps on average due to a high correlation with Treasuries**
- **The dollar trades with few changes on the BBDXY while developed and emerging currencies register mixed movements. In the first group, GBP (+0.3%) is the strongest and CHF (-0.2%) is at the opposite end. In the second, trading is capped by THB (+0.5%) and RUB (-1.5%) while the peso appreciates 0.3% to trade at 17.08 per dollar**
- **Crude-oil futures trade little changed with investors weighing the outlook for 2H23 amid a tightening scenario. In metals, the negative bias prevails, with nickel dropping 1.9%**

## Corporate Debt

- **Compañía Minera Autlán informed that on July 6, 2023 it intends to early amortize the AUTLAN 00322 issue, for which it will pay an additional \$100.01 million in addition to the interest accrued during the period**
- **S&P Global Ratings commented that its 'mxAAA (sf)' ratings on five bonds backed by residential mortgage loans originated and managed by Fovissste are not affected following the implementation of the "Programa de Descuento a la Actualización Anual de la UMA (Unidad de Medida y Actualización) de 2023". In February 2023, Fovissste announced its intention to apply the aforementioned program, through which it would absorb 11.5% of the increase in the UMA, in order to reduce the impact to its borrowers given the high inflation observed in 2022. As a result, Fovissste adjusted the UMA increase in its loan portfolio to 6.92% instead of 7.82%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,122.42	0.8%
S&P 500	4,396.44	0.4%
Nasdaq	13,591.33	0.0%
IPC	53,585.23	0.2%
Ibovespa	118,382.65	1.5%
Euro Stoxx 50	4,354.69	0.2%
FTSE 100	7,471.69	-0.4%
CAC 40	7,312.73	0.4%
DAX	15,946.72	0.0%
Nikkei 225	33,234.14	0.1%
Hang Seng	18,934.36	-1.2%
Shanghai Composite	3,182.38	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	4.86	15pb
10-year Treasuries	3.84	13pb
28-day Cetes	11.31	0pb
28-day TIIE	11.49	0pb
2-year Mbono	10.17	12pb
10-year Mbono	8.70	10pb
<i>Currencies</i>		
USD/MXN	17.13	0.2%
EUR/USD	1.09	-0.4%
GBP/USD	1.26	-0.2%
DXY	103.34	0.4%
<i>Commodities</i>		
WTI	69.86	0.4%
Brent	74.34	0.4%
Mexican mix	63.96	0.0%
Gold	1,908.20	0.0%
Copper	369.90	-1.2%

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, 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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<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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## GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy			
Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000
Economic Research			
Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707
Market Strategy			
Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
Fixed income and FX Strategy			
Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144
Equity Strategy			
Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Juan Carlos Mercado Garduño	Strategist, Equity	juan.mercado.garduno@banorte.com	(55) 1103 - 4000 x 1746
Paola Soto Leal	Strategist, Equity	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746
Corporate Debt			
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248
Quantitative Analysis			
Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Senior Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Andrea Muñoz Sánchez	Analyst, Quantitative Analysis	andrea.munoz.sanchez@banorte.com	(55) 1103 - 4000
Wholesale Banking			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldán Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899