

Financial Markets Daily

July 11, 2023

Main drivers for the financial markets today...

- Stock markets higher, government bond yields lower, crude-oil positive, and the USD weakening at the margin, with optimism after China's announcement over support to the real estate sector, albeit sentiment is dampened by warnings by several Fed speakers over the need for higher rates
- China has signaled that more support measures are coming for the real estate market, a sector that has already received some support, albeit with doubts remaining about its performance. Some of the new measures include extending repayment of loans maturing in 2024
- In economic data, Germany's inflation in June was in line with preliminary data at 6.8%. However, the ZEW expectations index surprised to the downside at -14.7pts. In the UK, the unemployment rate in May rose to 4.0%, although with wages accelerating strongly. In Brazil, inflation for the sixth month of the year retreated 0.08% m/m, with the annual print moderating to 3.16%. In Mexico we highlight the release of June's ANTAD sales
- In other news, Turkey announced that it will lift its veto on Sweden's NATO membership, ahead of a NATO meeting expected to further discuss support for Ukraine
- On the monetary front today we don't have Fed speakers scheduled, albeit noting tonight a policy decision in New Zealand, where the rate is expected to remain at 5.50%

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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www.banorte.com/analisiseconomico



@ analisis_fundam

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK and Germany					
2:00	UK Unemployment rate*-May	%	--	3.8	3.8
2:00	GER Consumer prices -Jun (F)	% y/y	--	6.4	6.4
5:00	GER ZEW Survey (Expectations) - Jul	index	--	-10.5	-8.5
Brazil					
8:00	Consumer prices - Jun	% m/m	--	-0.10	0.23
8:00	Consumer prices - Jun	% y/y	--	3.15	3.94
Mexico					
11:00	International reserves - Jul 7	US\$bn	--	--	203.2
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 20-year Mbono (Nov'42); 30-year Udibono (Nov'50) and 2-, 5-, and 10-year Bondes F				
	ANTAD same-store sales - Jun	% y/y	--	--	1.3

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	4,454.50	0.2%
Euro Stoxx 50	4,296.70	0.9%
Nikkei 225	32,203.57	0.0%
Shanghai Composite	3,221.37	0.6%
Currencies		
USD/MXN	17.09	0.2%
EUR/USD	1.10	-0.2%
DXY	101.94	0.0%
Commodities		
WTI	73.30	0.4%
Brent	77.97	0.4%
Gold	1,931.92	0.3%
Copper	377.65	0.1%
Sovereign bonds		
10-year Treasury	3.97	-2pb

Source: Bloomberg

Equities

- Stock markets with positive bias, reflecting some optimism among investors after China announced the possibility of new economic stimulus, although the risks of recession remain latent in the face of restrictive monetary policies
- US futures anticipate a slightly positive opening, with the S&P500 trading 0.2% above its theoretical value. Europe trades mostly higher, with the Eurostoxx increasing 0.9%, heading for a third day of gains on the possibility that the rate hike cycle is nearing an end, while the real estate and consumer discretionary sectors' drive the index. Asia closed higher, with the Hang Seng up 1.0% and the Shanghai index up 0.6%, supported by the favorable outlook for China
- On the domestic corporate front, today at market close we expect figures from Amx. The Mexbol Index could hover around 54,000pts

Sovereign fixed income, currencies and commodities

- In Europe, rates adjust +/-1bp and the US Treasuries' yield curve registers a flattening bias with losses of 3bps at the short-end and gains of 2bps at the long-end. Yesterday, short-term Mbonos lost of up to 8bps and the 10-year benchmark closed at 8.95% (+2bps)
- Dollar records a negative bias amid a mixed performance in developed currencies, with NZD (+0.7%) as the strongest. In EM, the bias is also mixed, limited by KRW (+1.0%) and PLN (-0.5%). Meanwhile, MXN depreciates 0.2% to 17.09 per dollar, after gaining 0.6% yesterday
- Crude-oil advances as China takes steps to revive ailing economy, bolstering the outlook for fuel demand. In metals, gold adjust +0.3% to 1,931 \$/oz t, while copper trades with few changes

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,944.40	0.6%
S&P 500	4,409.53	0.2%
Nasdaq	13,685.48	0.2%
IPC	53,655.36	-0.5%
Ibovespa	117,942.44	-0.8%
Euro Stoxx 50	4,256.51	0.5%
FTSE 100	7,273.79	0.2%
CAC 40	7,143.69	0.4%
DAX	15,673.16	0.4%
Nikkei 225	32,189.73	-0.6%
Hang Seng	18,479.72	0.6%
Shanghai Composite	3,203.70	0.2%
Sovereign bonds		
2-year Treasuries	4.86	-9pb
10-year Treasuries	3.99	-7pb
28-day Cetes	11.31	0pb
28-day TIE	11.49	-1pb
2-year Mbono	10.28	-1pb
10-year Mbono	8.97	2pb
Currencies		
USD/MXN	17.05	-0.5%
EUR/USD	1.10	0.3%
GBP/USD	1.29	0.2%
DXY	101.97	-0.3%
Commodities		
WTI	72.99	-1.2%
Brent	77.69	-1.0%
Mexican mix	68.53	-1.0%
Gold	1,925.35	0.0%
Copper	378.45	0.1%

Source: Bloomberg

Corporate Debt

- Fitch Ratings affirmed PACCAR Financial Mexico's 'AAA(mex)' and 'F1+(mex)' long-term and short-term national ratings, respectively. The ratings are based on the strategic and operational link it maintains with its parent company, PACCAR Inc.
- Arrendadora Actinver announced that it will prepay its short-term issuance ARREACT 01222 on July 19, 2023. The bond has an outstanding amount of MXN 740 million
- Moody's Local Mexico affirmed the ratings for TIP de Mexico's proposed issuances, TIPMXCB 23 / 23-2, at 'AAA.mx'. The ratings affirmation follows the change in the determination of the Annual Discount Rate in the legal documentation

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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, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cuautencos Mora 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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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 Enriquez	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

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
Jazmín Daniela Cuautencos Mora	Strategist, Quantitative Analysis	jazmin.cuautencos.mora@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 Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899