

Financial Markets Daily

July 13, 2023

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields and USD down, with investors focused on US producer prices report and comments from Fed members, that may help to show more certainty on future actions from the central bank**
- **In the US, June producer prices were published at 0.1% m/m, below the consensus estimate of 0.2% (0.1% y/y from the previous 0.9%). Meanwhile, the core component rose 0.1% m/m, below expectations (2.4% y/y from 2.6%). In both cases, the previous month was revised downward. Although the low levels of the annual variation are favored by the high comparison bases, they are also a reflection of lower pressures in the global supply chain. On the other hand, jobless claims stood at 237k in the week ending July 8, below the previous week and the consensus expectation, confirming the labor market strength still maintains**
- **As for comments from Fed members, eyes are on Daly and Waller's interventions**
- **June trade balance figures for China disappointed strongly. Exports continued to contract, posting a more pronounced fall than estimated (-12.4% y/y vs. -10.0%). While imports fell -6.8% (consensus expected -4.1%). The data reinforces the scenario of a weaker economic recovery than expected after the elimination of the zero tolerance strategy for Covid-19**

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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forecasters, granted by Focus Economics



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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,524.75	0.4%
Euro Stoxx 50	4,394.38	0.8%
Nikkei 225	32,419.33	1.5%
Shanghai Composite	3,236.48	1.3%
<i>Currencies</i>		
USD/MXN	16.93	0.2%
EUR/USD	1.12	0.4%
DX-Y	100.24	-0.3%
<i>Commodities</i>		
WTI	75.68	-0.1%
Brent	80.13	0.0%
Gold	1,957.14	0.0%
Copper	388.65	1.2%
<i>Sovereign bonds</i>		
10-year Treasury	3.83	-3pb

Source: Bloomberg

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>UK and Eurozone</i>					
2:00	UK Industrial production* - May	% m/m	--	-0.4	-0.3
5:00	EZ Industrial Production* - May	% m/m	--	0.3	1.0
<i>United States</i>					
8:30	Producer prices* - Jun	% m/m	--	0.2	-0.3
8:30	Ex. food & energy* - Jun	% m/m	--	0.2	0.2
8:30	Initial jobless claims* - Jul 8	thousands	245	250	248
18:45	Fed's Waller Speaks on Economic Outlook				
<i>Peru</i>					
19:00	Monetary policy decision (BCRP)	%	--	7.75	7.75

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

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Equities

- **Positive sentiment in equity markets, reflecting improved optimism following yesterday's US inflation data, while recent earnings results contribute to a better outlook**
- **US futures anticipate a positive opening, with the S&P500 trading 0.4% above its theoretical value. In particular, PepsiCo and Delta Airlines are rising more than 2.1% and 4.3% on pre-market, respectively, after hiking their earnings estimates and suggesting continued consumer resilience**
- **Meanwhile, Europe trades with widespread gains, with the Eurostoxx increasing 0.8%, boosted by the technology and real estate sectors. In turn, Swatch Group, the luxury watch maker, jumped more than 6.0% as China's reopening boosted earnings. Asia closed higher, highlighted by increases in the Hang Seng of 2.6% and the Nikkei of 1.5%**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. European assets adjust up to -10bps. The Treasuries' curve registers a steepening bias as a result of 7bps gains at the short-end, while the long-end adjusts -2bps. Yesterday, the Mbonos' curve gained 17bps, on average, with the 10-year benchmark closing at 8.71% (-20bps)**
- **The dollar extends the losses, allowing all G10 currencies to trade with positive returns with AUD (+0.8%) leading the gains. In EM, the bias is mostly positive with MYR (+1.5%) as the strongest. The MXN is positioned as the weakest of the group with a 0.2% depreciation at 16.94 per dollar, after gaining 0.8% yesterday**
- **Crude-oil futures remaining stable, with markets optimistic that the Fed's tightening cycle will soon conclude in the face of lower inflationary pressures in the US, supporting the demand outlook. Metals trade with positive bias with copper advancing 1.1%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,347.43	0.3%
S&P 500	4,472.16	0.7%
Nasdaq	13,918.96	1.2%
IPC	53,956.71	-0.3%
Ibovespa	117,666.49	0.1%
Euro Stoxx 50	4,360.46	1.7%
FTSE 100	7,416.11	1.8%
CAC 40	7,333.01	1.6%
DAX	16,023.00	1.5%
Nikkei 225	31,943.93	-0.8%
Hang Seng	18,860.95	1.1%
Shanghai Composite	3,196.13	-0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	4.75	-13pb
10-year Treasuries	3.86	-11pb
28-day Cetes	11.31	0pb
28-day TIE	11.49	0pb
2-year Mbono	10.16	-15pb
10-year Mbono	8.80	-16pb
<i>Currencies</i>		
USD/MXN	16.90	-0.8%
EUR/USD	1.11	1.1%
GBP/USD	1.30	0.4%
DXY	100.52	-1.2%
<i>Commodities</i>		
WTI	75.75	1.2%
Brent	80.11	0.9%
Mexican mix	70.95	1.2%
Gold	1,957.35	1.3%
Copper	385.30	2.3%

Source: Bloomberg

Corporate Debt

- **Consabanco announced that on July 20, 2023, it will prepay the whole issuance CSBANCO 20, for a total amount of MXN 1.0 billion.**
- **Fitch Ratings affirmed the national ratings of Arca Continental and AC Bebidas at 'AAA(mex)' and the international ratings (IDR) at 'A'. The outlook is Stable. The ratings are supported by the solid business position in the beverage division of AC Bebidas, one of the world's largest bottlers of Coca-Cola products in terms of volume**
- **HR Ratings affirmed the rating of Genomma Lab's unsecured note, LAB 23, at 'HR AA+' following the announcement of a tap issue to be placed for up to MXN 600 million**

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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, 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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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 Cellina 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

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
-------------------------	-----------------------------	----------------------------	------------------

Fixed Income and FX Strategy

Leslie Thalia 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	raul.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