

# Financial Markets Daily

June 7, 2023

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

- **Stock markets mixed, government bond yields up and USD down. Investors are concerned about signs of a slowdown in China, with a surprise drop in exports in May, and following the OECD's warning of a weak recovery in the global economy due to restrictive monetary policy**
- **OECD estimates global growth of 2.7% in 2023 and 2.9% in 2024, below the average of 3.4% in the 7 years prior to the pandemic. The OECD continues to see a complex scenario for central banks due to persistent inflation and risks to growth**
- **The US economic agenda includes April trade balance and consumer credit. Later in Japan, the final reading of 1Q23 GDP will be released. In China, exports fell 7.5% y/y in the fifth month of the year, much deeper than the 1.8% drop estimated by the consensus. This after a 8.5% growth the previous month**
- **Regarding monetary policy, the attention is on the Bank of Canada's decision with markets betting on a pause**
- **The Turkish lira fell to new lows against the dollar, on concerns related to the challenges the country's new finance minister is facing, and after a report that state lenders have stopped selling dollars to defend the currency. This is a sign that the new economic team is abandoning the intervention strategy as part of an expected shift towards more conventional economic policies**

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economic forecasters, granted by Focus  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
	OECD Publishes Interim Economic Outlook				
2:00	GER Industrial production* - Apr	% m/m	--	0.6	-3.4
<i>Brazil</i>					
8:00	Consumer prices -May	% m/m	--	0.35	0.61
8:00	Consumer prices -May	% y/y	--	4.06	4.18
<i>United States</i>					
8:30	Trade balance* - Apr	US\$bn	--	-75.4	-64.2
15:00	Consumer credit* - Apr	USDbn	--	22.0	26.5
<i>Japan</i>					
19:50	Gross domestic product* - 1Q23 (F)	% q/q	--	0.5	0.4

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	4,293.50	0.1%
Euro Stoxx 50	4,294.37	0.0%
Nikkei 225	31,913.74	-1.8%
Shanghai Composite	3,197.76	0.1%
<i>Currencies</i>		
USD/MXN	17.36	-0.2%
EUR/USD	1.07	0.1%
DXY	103.90	-0.2%
<i>Commodities</i>		
WTI	72.45	1.0%
Brent	77.02	1.0%
Gold	1,958.04	-0.3%
Copper	378.50	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.70	4pb

Source: Bloomberg

## Equities

- **Equity markets are mixed, reflecting some cautious sentiment. Investors are weighing the possibility of higher interest rates for longer than expected, as well as a larger-than-expected contraction in China's exports and weaker global economic outlook presented by the OECD**
- **US futures anticipate a slightly upward opening with the S&P500 trading 0.1% above its theoretical value. Europe trades mixed, although in Spain, Inditex is rising more than 7.0% after reporting earnings above forecasts. Asia closed mixed**
- **On the domestic corporate front, Asur's passengers confirmed moderate growth given Colombia's weakness. Meanwhile, domestic traffic performance offset Oma's consolidated figures. Finally, Volaris' momentum on international segment continues to excel**

## Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European rates trade with 1bp pressures and Italian rates stand out with +4bps adjustments. The Treasuries yield curve trades with losses of 3bps on average. Yesterday, the Mbonos' curve closed with a steepening, as a result of 7bps gains on the short-end and 1bp losses on the long-end**
- **The dollar weakens (DXY -0.2%) as developed currencies gain ground and a positive bias prevails in emerging currencies. In the former group NOK (+0.8%) is the strongest and in the latter, trading is capped by ZAR (+0.8%) and TYR (-6.5%). The Mexican peso trades at 17.36 per dollar, representing an appreciation of 0.2%**
- **Crude-oil futures are up 0.9% with the market debating the effects of Saudi Arabia's cutback and the slowdown in China. In metals, the bias is positive although changes are moderate**

## Corporate Debt

- **Grupo Vasconia informed that, together with its subsidiary in charge of the issuer's industrial division, Almexa Alumunio, have initiated discussions with its bank creditors, in order to carry out a restructuring of its financial liabilities. In this context, the issuer will not make debt service payments on Grupo Vasconia and Almexa Alumunio's debt**
- **Fitch Ratings placed North American Development Bank's (NADB) long-term international issuer default rating (IDR) at 'AA+' on Negative Watch and affirmed NADB's national rating at 'AAA(mex)' with a Stable outlook. In assessing the ability of NADB's shareholders to support the institution, Fitch reflected the Negative Watch on the U.S. sovereign rating in its underlying assumptions**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,573.28	0.0%
S&P 500	4,283.85	0.2%
Nasdaq	13,276.42	0.4%
IPC	54,432.19	1.7%
Ibovespa	114,610.10	1.7%
Euro Stoxx 50	4,295.22	0.0%
FTSE 100	7,628.10	0.4%
CAC 40	7,209.00	0.1%
DAX	15,992.44	0.2%
Nikkei 225	32,506.78	0.9%
Hang Seng	19,099.28	0.0%
Shanghai Composite	3,195.34	-1.1%
<i>Sovereign bonds</i>		
2-year Treasuries	4.48	1pb
10-year Treasuries	3.66	-2pb
28-day Cetes	11.31	0pb
28-day TIE	11.50	0pb
2-year Mbono	10.33	-7pb
10-year Mbono	8.86	1pb
<i>Currencies</i>		
USD/MXN	17.39	-0.5%
EUR/USD	1.07	-0.2%
GBP/USD	1.24	-0.1%
DXY	104.13	0.1%
<i>Commodities</i>		
WTI	71.74	-0.6%
Brent	76.29	-0.5%
Mexican mix	65.78	-1.0%
Gold	1,963.52	0.1%
Copper	376.85	0.0%

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, 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
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<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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