

# Financial Markets Daily

June 9, 2022

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

- Negative stock markets, S&P Futures up, USD and government bond yields with negative bias
- On the monetary policy front, the ECB announced that the end of its asset purchase program will be on July 1 and left the door open to start its rate hike cycle at the next meeting with an increase of 25bp. The central bank significantly raised its inflation projections. In 2022 from 5.1% prior to 6.8% and for 2023 from 2.1% to 3.5%. Regarding economic growth, they estimate 2022 GDP at 2.8% this year and 2.1% in 2023. All eyes are now on Lagarde's press conference
- Regarding economic figures, in the US jobless claims will be released for the week ending June 4, which we estimate will remain around 200k. Meanwhile, in Brazil and China, the May inflation report will be published. In the first case, a slight moderation is expected in the annual variation from 12.13% the previous month to 11.88%, still showing strong inflationary pressures that will lead the Copom to raise the reference rate again at the meeting next week
- In Mexico, INEGI published May's inflation at +0.18% m/m, with pressures at the core (0.59%) and and with the non-core helped by seasonality (-1.02%). As such, annual inflation reached 7.65% (previous: 7.68%), with the core at 7.28% (previous: 7.22%), remaining to the upside

Alejandro Padilla  
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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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Consumer prices - May	% m/m	0.15	0.15	0.54
7:00	Core - May	% m/m	0.56	0.56	0.78
7:00	Consumer prices - May	% y/y	7.63	7.63	7.68
7:00	Core - May	% y/y	7.25	7.25	7.22
<i>Eurozona</i>					
7:45	Monetary policy decision (ECB)	%	0.00	0.00	0.00
<i>Brazil</i>					
8:00	Consumer prices - May	% m/m	--	0.60	1.06
8:00	Consumer prices - May	% y/y	--	11.88	12.13
<i>United States</i>					
8:30	Initial jobless claims* - Jun 4	thousands	200	207	200
<i>Peru</i>					
19:00	Monetary policy decision (BCRP)	%	--	5.50	5.00
<i>China</i>					
21:30	Consumer prices - May	% y/y	--	2.2	2.1

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	4,125.75	0.2%
Euro Stoxx 50	3,764.91	-0.6%
Nikkei 225	28,246.53	0.0%
Shanghai Composite	3,238.95	-0.8%
<i>Currencies</i>		
USD/MXN	19.57	0.0%
EUR/USD	1.07	0.2%
DX	102.38	-0.2%
<i>Commodities</i>		
WTI	121.92	-0.2%
Brent	123.47	-0.1%
Gold	1,844.85	-0.5%
Copper	438.70	-1.5%
<i>Sovereign bonds</i>		
10-year Treasury	3.05	3pb

Source: Bloomberg

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## Equities

- **Stock markets with negative bias, highlighting the European stocks decline, given investors' caution who are assimilating possible adjustments in the ECB's monetary policy pace. Meanwhile, concerns remain of a lower global economic dynamism impacted by high levels of inflation and hikes in interest rates**
- **Futures in the US anticipate a positive opening with the S&P500 trading 0.2% above its theoretical value. Tesla is rising more than 3.0% on pre-market after reporting that monthly Chinese-made cars deliveries doubled. On the other hand, Europe is trading with losses, the Eurostoxx is down 0.6%. In turn, Asia closed negative, with the Shanghai and Hang Seng dropping 0.8% and 0.7%, respectively**
- **In Mexico, Gentera updated its 2022 guidance, which should be well received by the market, in which the company foresees better dynamics that would be giving results a greater boost**

## Sovereign fixed income, currencies and commodities

- **Sovereign bonds drop after ECB decision, with European assets adjusting +7bps, on average. While the US Treasury curve registered losses of up to 4bps in the belly. Yesterday, the Mbonos registered losses of 5bps, on average, concentrated in the belly**
- **The dollar weakens slightly amid mixed performance in developed currencies with JPY (+0.7%) as the strongest. In emerging markets, the bias is mixed with RUB (+3.5%) and IDR (-0.5%) at the extremes. The Mexican peso appreciates 0.1% to 19.56 after gaining 0.1% yesterday**
- **Crude-oil erased some of the gains after the resumption of the lockdown in Shanghai; however, it remains trading above 120 \$/bbl. Widespread losses in metals, highlighting the nickel with an adjustment of -3.2%, while gold trades below 1,500 \$/oz t (-0.3%)**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,910.90	-0.8%
S&P 500	4,115.77	-1.1%
Nasdaq	12,086.27	-0.7%
IPC	49,819.30	-0.6%
Ibovespa	108,367.67	-1.5%
Euro Stoxx 50	3,788.93	-0.5%
FTSE 100	7,593.00	-0.1%
CAC 40	6,448.63	-0.8%
DAX	14,445.99	-0.8%
Nikkei 225	28,234.29	1.0%
Hang Seng	22,014.59	2.2%
Shanghai Composite	3,263.79	0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	2.77	5pb
10-year Treasuries	3.02	5pb
28-day Cetes	7.33	1pb
28-day TIIE	7.26	2pb
2-year Mbono	9.29	2pb
10-year Mbono	8.98	5pb
<i>Currencies</i>		
USD/MXN	19.58	-0.1%
EUR/USD	1.07	0.1%
GBP/USD	1.25	-0.4%
DXY	102.54	0.2%
<i>Commodities</i>		
WTI	122.11	2.3%
Brent	123.58	2.5%
Mexican mix	116.28	2.4%
Gold	1,853.36	0.1%
Copper	445.45	0.4%

Source: Bloomberg

## Corporate Debt

- **HR Ratings ratified TMM Maritime Division's ratings at 'HR C+' with a stable outlook and at 'HR5'. Likewise, it confirmed the ratings of the issuances TMMCB 10 at 'HR B- (E)', TMMCB 10-2 at 'HR C+ (E)' and TMMCB 10-3 at 'HR C- (E)' with a stable outlook. According to the agency, the ratification of TMM Maritime Division is based on the negative generation of Free Cash Flow, which during the last 12 months as of 1Q22 reached MXN -303 million**
- **The TMMCB 10 / 10-2 / 10-3 issuances are backed by the collection rights of the income established in the vessel fleet contracts, entered into between TMM and PEMEX. They currently have an outstanding amount of MXN 15.4 billion and their maturity is scheduled for November 2035**

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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, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Oscar Rodolfo Olivos Ortiz, Daniel Sebastián Sosa Aguilar and Salvador Austria Valencia 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
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
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
Victor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Analyst	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746
Oscar Rodolfo Olivos Ortiz	Analyst	oscar.olivos@banorte.com	(55) 1103 - 4000
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
Daniela Olea Suarez	Senior Analyst, Quantitative Analysis	daniela.olea.suarez@banorte.com	(55) 1103 - 4000
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	Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Salvador Austria Valencia	Analyst, Quantitative Analysis	salvador.austria.valencia@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.cebaldos@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
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roldan.ferrer@banorte.com	(55) 1670 - 1899