

# Financial Markets Daily

June 20, 2022

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

- **Stock markets biased up, government bond yields mixed –and virtually unchanged–, and USD down, with cautious investors amid lower liquidity and a potential global deceleration on the back of central bank rate hikes, in turn affecting a broad range of commodity prices**
- **US markets closed today because of Emancipation Day. China informed that 1- and 5-year loan prime rates will remain unchanged at 3.70% and 4.45%, respectively**
- **Moreover, French president Macron lost his absolute majority in the parliamentary elections held yesterday, although his party alliance will remain as the largest bloc. On the other hand, Gustavo Petro won the second round of Colombia’s presidential election**
- **Market focus this week on Banxico’s monetary policy decision, where we estimate a 75bps hike to 7.75% and a hawkish tone. Moreover, Powell from the Fed will testify in Congress, while PMIs for June will be released in the US, Eurozone and UK**
- **Moreover, speeches from several Fed members and Lagarde of the ECB. Decisions in this front also in Philippines, Indonesia, Norway and Turkey**
- **Relevant events include a Eurozone foreign ministers meeting to discuss about Ukraine, as well as the European Council by the end of the week. In the US, primary elections in Virginia and Washington DC. The IEA will publish its World Energy Investment annual report**
- **US data only includes new and existing home sales (May) and final U. of Michigan consumer confidence (Jun). In other regions, we highlight inflation in the UK (May); consumer confidence in the Eurozone (Jun); and the IFO survey in Germany (Jun)**
- **In Mexico, releases include inflation for the 1H-June, aggregate supply and demand in 1Q22, the *Timely Indicator of Economic Activity* (May), retail sales, monthly GDP-proxy IGAE (Apr) and the banking sector survey**

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Winners of the award for best economic  
forecasters for Mexico in 2021, granted by  
Refinitiv



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## The most relevant economic data...

Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>				
12:45	Fed’s Bullard discusses inflation and interest rates			

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	3,700.75	0.7%
Euro Stoxx 50	3,453.07	0.4%
Nikkei 225	25,771.22	-0.7%
Shanghai Composite	3,315.43	0.0%
<i>Currencies</i>		
USD/MXN	20.25	-0.4%
EUR/USD	1.05	0.3%
DX	104.38	-0.3%
<i>Commodities</i>		
WTI	109.38	-0.2%
Brent	112.70	-0.4%
Gold	1,838.41	-0.1%
Copper	397.10	-1.1%
<i>Sovereign bonds</i>		
10-year Treasury	3.23	0pb

Source: Bloomberg

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### Equities

- **The week starts with mixed movements and positive bias in stock markets, although caution prevails among investors who continue weighing concerns about the restrictive stance of central banks to contain inflation**
- **Markets in the US will remain closed on the 'Emancipation Day' Holiday – Juneteenth–, while futures remain positive. Europe trades with widespread gains on dip-buying, after one of the most important weekly declines since March. Banks are leading the rise, while basic resources are declining on lower commodity prices. In Asia we saw mixed closes, where the Nikkei's 0.7% decline was offset by the Hang Seng's +0.4%, while the Shanghai index remained virtually unchanged (-0.04%)**
- **In Mexico, the Mexbol Index may stay consolidating around 48,000pts, although with a significant decrease in liquidity today**

### Sovereign fixed income, currencies and commodities

- **European rates trade with few changes, delimited by +/-1bp. In Mexico, the Mbonos' yield curve closed last week with a flattening bias as result of sharp adjustments in the short-end (+20bps) relative to the long-end (+6bps)**
- **Dollar weakens amid a positive performance in all developed currencies, with NOK (+1.2%) as the strongest. In EM, the bias is mixed with PHP (-0.6%) and RUB (+3.5%) at the extremes. In addition, MXN trades close to its 100-day MA at 20.25 per dollar (0.4%) after a 1.9% weekly depreciation**
- **Crude-oil slightly lower even after falling 6% on Friday as investors weighted whether aggressive US monetary policy tightening will lead to a recession that hits demand. Negative balance in metals, with copper losing 1.1%, while gold trades with few changes**

### Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	29,888.78	-0.1%
S&P 500	3,674.84	0.2%
Nasdaq	10,798.35	1.4%
IPC	48,016.23	1.0%
Ibovespa	99,824.94	-2.9%
Euro Stoxx 50	3,438.46	0.3%
FTSE 100	7,016.25	-0.4%
CAC 40	5,882.65	-0.1%
DAX	13,126.26	0.7%
Nikkei 225	25,963.00	-1.8%
Hang Seng	21,075.00	1.1%
Shanghai Composite	3,316.79	1.0%
<i>Sovereign bonds</i>		
2-year Treasuries	3.18	9pb
10-year Treasuries	3.23	3pb
28-day Cetes	7.65	1pb
28-day TIIE	7.33	1pb
2-year Mbono	9.58	-1pb
10-year Mbono	9.20	-3pb
<i>Currencies</i>		
USD/MXN	20.34	-0.3%
EUR/USD	1.05	-0.5%
GBP/USD	1.22	-0.9%
DX-Y	104.70	1.0%
<i>Commodities</i>		
WTI	109.56	-6.8%
Brent	113.12	-5.6%
Mexican mix	105.90	-5.8%
Gold	1,839.39	-1.0%
Copper	402.95	-2.4%

Source: Bloomberg

### Corporate Debt

- **PCR Verum increased the ratings for Grupo Hema (Promotora Empresarial del Norte) and its unsecured issuance GHEMA 18 to ‘A/M’ from ‘A-/M’ with a Stable outlook. The rating upgrade follows the improved financial performance, mainly boosted by higher profitability margins and an increase in its EBITDA generation**
- **Fitch Ratings assigned ‘AA(mex)’ ratings to Megacable Holdings’ proposed issuances, MEGA 22 / 22-2. The ratings are based on Megacable’s good market position as the second largest restricted TV provider with a 16.6% share**

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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, 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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