

Financial Markets Daily

June 21, 2022

Main drivers for the financial markets today...

- **Stock markets and government bond yields up while the USD falls, with trading returning to the US and a modest relief rally helped by president Biden's comments that a US recession is not inevitable, although with sentiment still fragile assimilating a tighter cycle from central banks**
- **Investor attention today in speeches from Fed members Barkin and Mester. In economic data, the US will publish May's existing home sales. In Mexico, releases include the banking sector expectations survey**
- **US Treasury Secretary Janet Yellen said the US and allies are working on establishing a 'price cap' on Russian oil exports. The goal is to limit the country's income from this concept, while also preventing a very strong impact from imposed sanctions to the global economy**
- **The US administration is analyzing the possibility of a 'gas tax holiday' in a bid to contain rising prices. The decision could be made as soon as this week**
- **In Mexico, INEGI published May's Timely Indicator of Economic Activity, rising 0.1% m/m. By sector, they anticipate industry at 0.2%, with services showing a marginal uptick of 0.1%**
- **On the other hand, aggregate supply and demand in 1Q22 grew 1.2% q/q (+2.9% y/y). By component, all categories advanced, highlighting private consumption and exports**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Brazil</i>					
7:00	COPOM minutes				
<i>Mexico</i>					
7:00	Timely Indicator of Economic Activity* - May	% y/y	--	--	1.8
7:00	Aggregate supply and demand - 1Q22	% y/y	3.4	3.7	3.0
10:00	International reserves - Jun 17	US\$bn	--	--	198.7
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 10-year Mbono (May31); 3-year Udibono (Dec'26) and 1-, 2-, 3-, and 5-year Bondes F				
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
10:00	Existing Home Sales**-May	thousands	--	5.4	5.6
11:00	Fed's Barkin interviewed during NABE event				
12:00	Fed's Mester Speaks at Women in Leadership Event				
15:30	Fed's Barkin Speaks in Richmond				

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	3,733.25	1.6%
Euro Stoxx 50	3,493.25	0.7%
Nikkei 225	26,246.31	1.8%
Shanghai Composite	3,306.72	-0.3%
<i>Currencies</i>		
USD/MXN	20.18	-0.4%
EUR/USD	1.06	0.5%
DX	104.27	-0.4%
<i>Commodities</i>		
WTI	111.68	1.9%
Brent	115.92	1.6%
Gold	1,836.95	-0.1%
Copper	403.80	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	3.27	5pb

Source: Bloomberg

Equities

- **Positive movements in equity markets, which continue to show some recovery, supported by comments from Joe Biden that a US recession is not inevitable, although investors continue to assess the prospects of more aggressive monetary policies by central banks and growing concerns of a greater impact of high inflation on the global economy**
- **In Asia most markets closed positive. In Europe stocks advance, the Euro Stoxx adds 0.7%. Shares from consumer discretionary and real estate sectors lead gains, while those from utilities and communication services show losses. In turn, in the US operations will resume after yesterday's holiday and the futures of main indices point to a positive open by rising 1.7% on average**
- **In Mexico, the Mexbol may stand above the 48,400pts**

Sovereign fixed income, currencies and commodities

- **Pressures in sovereign bonds. European rates register losses of 2bps, on average, while the US Treasury curve prints a sell-off of up to 8bps at the long-end. Yesterday, Mbonos recorded few changes with the 10-year reference closing at 9.17% (-2bps)**
- **The dollar falls (DXY -0.4%) amid a positive performance in most of the G10 and EM currencies. In the former, NOK (+1.0%) leads gains. In the latter, MXN trades below its 100-day MA at 20.18 per dollar (+0.4%), extending yesterday's appreciation of 0.4%**
- **Crude-oil rose amid shortages of supply oil products like diesel, although concerns remain of lower demand as a result of an economic slowdown. The balance is mixed in metals with gold trading at 1,833 \$/oz t (-0.3%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	29,888.78	0.0%
S&P 500	3,674.84	0.0%
Nasdaq	10,798.35	0.0%
IPC	47,780.72	-0.5%
Ibovespa	99,852.67	0.0%
Euro Stoxx 50	3,469.83	0.9%
FTSE 100	7,121.81	1.5%
CAC 40	5,920.09	0.6%
DAX	13,265.60	1.1%
Nikkei 225	25,771.22	-0.7%
Hang Seng	21,163.91	0.4%
Shanghai Composite	3,315.43	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	3.18	0pb
10-year Treasuries	3.23	0pb
28-day Cetes	7.74	9pb
28-day TIE	7.34	1pb
2-year Mbono	9.58	0pb
10-year Mbono	9.20	0pb
<i>Currencies</i>		
USD/MXN	20.26	-0.4%
EUR/USD	1.05	0.1%
GBP/USD	1.23	0.1%
DXY	104.70	0.0%
<i>Commodities</i>		
WTI	109.56	0.0%
Brent	114.13	0.9%
Mexican mix	105.90	0.0%
Gold	1,838.74	0.0%
Copper	402.95	0.0%

Source: Bloomberg

Corporate Debt

- **The BBVA México' bond placement, BBVAMX 22X, is expected today for a target amount of MXN 7 billion (maximum MXN 10 billion). The bond will be issued for a 4-year term approximately and will be pegged to ON TIE plus a spread. Being unsecured, the issuance has the issuer rating 'AAA.mx/AAA(mex)' by Moody's and Fitch, respectively, on a national scale. The amortization will be carried out in a single payment on the due date**
- **According to the company and as it is a sustainable bond, the proceeds will be used to finance entrepreneurs and support micro-businesses, for credits destined to the promotion of clean and non-polluting energies, as well as hybrid or electric vehicles**

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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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