

# Financial Markets Daily

June 23, 2022

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

- **Stock markets mixed with S&P 500 futures higher, USD up, and government bond yields down after comments by Powell yesterday accepting that steep rate hikes could trigger a recession, warning also that the task of engineering a soft landing is very challenging. Markets focused on Powell's testimony before the House's Financial Services Committee**
- **On the monetary policy front, attention also on Banxico's monetary policy decision, where we anticipate a 75bp hike, placing the rate at 7.75%, in addition to a hawkish tone**
- **In economic figures, jobless claims for the week ending June 18 and the PMI indicators for June will be released in the US**
- **In Mexico, INEGI published 1H-June's inflation at 0.49% 2w/2w surprising higher. The core came in at 0.50% 2w/2w, also above expectations. With these results, annual inflation stands at 7.88% (previous: 7.72%), with the core at 7.47% (previous: 7.32%)**
- **April's retail sales were also published, up 0.4% m/m (4.6% y/y). Inside, we highlight a mixed performance, with a relevant increase in vehicles and gasolines (2.3% m/m), but with healthcare products lower (-4.1%)**

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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
<b>Turkey</b>					
7:00	Monetary policy decision (Central Bank of Turkey)	%	--	14.00	14.00
<b>Mexico</b>					
7:00	Consumer prices - Jun 15	% m/m	0.41	0.32	0.30
7:00	Core - Jun 15	% m/m	0.45	0.35	0.29
7:00	Consumer prices - Jun 15	% y/y	7.80	7.70	7.72
7:00	Core - Jun 15	% y/y	7.43	7.31	7.32
7:00	Retail sales - Apr	% y/y	4.7	4.3	3.8
7:00	Retail sales* - Apr	% m/m	0.5	0.2	0.4
14:00	Monetary policy decision (Banxico)	%	7.75	7.75	7.00
<b>United States</b>					
8:30	Initial jobless claims* - Jun 18	thousands	225	225	229
9:45	Manufacturing PMI* - Jun (P)	index	56.1	56.0	57.0
9:45	Services PMI* - Jun (P)	index	53.3	53.7	53.4
10:00	Fed Chair Powell testifies before the House's Financial Services Committee				

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.
<b>Equity indices</b>		
S&P 500 Futures	3,791.75	0.8%
Euro Stoxx 50	3,477.46	0.4%
Nikkei 225	26,171.25	0.1%
Shanghai Composite	3,320.15	1.6%
<b>Currencies</b>		
USD/MXN	20.05	0.0%
EUR/USD	1.05	-0.5%
DX-Y	104.66	0.4%
<b>Commodities</b>		
WTI	105.73	-0.4%
Brent	111.43	-0.3%
Gold	1,828.59	-0.5%
Copper	386.30	-2.1%
<b>Sovereign bonds</b>		
10-year Treasury	3.14	-2pb

Source: Bloomberg

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## Equities

- **Mixed stock markets, with positive bias, although concerns remain that increases in interest rates will impact on global economic dynamism, where some effects are already observed in Europe, while the perspective of a possible recession continues**
- **Futures in the US anticipate a positive opening with the S&P500 trading 0.8% above its theoretical value. As for Europe, the main indices operate with an average advance of 0.4%, reporting the largest decline in the real estate sector, in contrast to the public services increase. In turn, Asia closed mainly with gains, highlighting the Shanghai increase of 1.6% and the Hang Seng gain of 1.3%, driven by the expectation that China will intensify economic stimulus to underpin growth and boost business confidence**
- **In Mexico, the Mexbol Index could be trading between the 47,000 and 47,500pts, following its international peers**

## Sovereign fixed income, currencies and commodities

- **Positive bias in sovereign bonds, with European assets adjusting up to -14bps. While the US Treasury curve registered gains of 4bps, on average. Yesterday, the Mbonos curve registered gains of 9bps, on average, concentrated in the belly and the long-end**
- **The dollar strengthens amid negative performance in developed currencies with SEK (-1.0%) as the weakest and JPY (+0.5%) as the only one with gains. In emerging markets, the bias is also negative with HUF (-1.5%) and IDR (+0.2%) at the extremes. The Mexican peso trades at 20.09 (-0.2%), pairing 4 positive sessions in a row**
- **Crude-oil continue to fall as concerns over a global economic slowdown intensified, with Federal Reserve Chair, Jerome Powell, warning that a US recession is possible. In the same way, metals and grains trade with negative bias**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,483.13	-0.2%
S&P 500	3,759.89	-0.1%
Nasdaq	11,053.08	-0.1%
IPC	47,144.36	-2.0%
Ibovespa	99,522.32	-0.2%
Euro Stoxx 50	3,464.64	-0.8%
FTSE 100	7,089.22	-0.9%
CAC 40	5,916.63	-0.8%
DAX	13,144.28	-1.1%
Nikkei 225	26,149.55	-0.4%
Hang Seng	21,008.34	-2.6%
Shanghai Composite	3,267.20	-1.2%
<i>Sovereign bonds</i>		
2-year Treasuries	3.06	-14pb
10-year Treasuries	3.16	-12pb
28-day Cetes	7.63	13pb
28-day TIIE	7.38	2pb
2-year Mbono	9.57	-4pb
10-year Mbono	9.15	-8pb
<i>Currencies</i>		
USD/MXN	20.05	-0.4%
EUR/USD	1.06	0.3%
GBP/USD	1.23	-0.1%
DXY	104.20	-0.2%
<i>Commodities</i>		
WTI	106.19	-4.0%
Brent	111.74	-2.5%
Mexican mix	103.79	-2.7%
Gold	1,837.72	0.3%
Copper	395.00	-2.4%

Source: Bloomberg

## Corporate Debt

- **CIBanco (Common Rep) informed that the issuer intends to carry out the total early amortization of INVEX 19 on June 30, 2022. The total early amortization will be carried out as long as the new INVEX 22 issuance is placed for at least MXN 1.0 billion**
- **Fitch Ratings affirmed APPCVCB 17 issuance rating at 'AA+(mex)vra' and withdrew the Negative CreditWatch. The outlook is Negative. According to the agency, the withdrawal of the Negative CreditWatch reflects Fitch's expectation that the contractual reduction in SICT (Secretaria de Infraestructura, Comunicaciones y Transportes) payments to the project will not have negative implications on its credit quality. The Negative outlook reflects the uncertainty regarding the future behavior of SICT payments, since the increase in payment days would mean a deterioration in the liquidity of the project that could lead to a downgrade of the rating**

## Certification of Analysts.

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 Thalia 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
<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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