

Financial Markets Daily

June 28, 2022

Main drivers for the financial markets today...

- **Stock markets and government bond yields higher, USD little changed, and oil up. Investors are slightly more optimistic after China relaxed some of its strict policies against COVID-19, easing concerns about the global growth outlook**
- **On the other hand, some analysts said that the estimate of 10.7% earnings growth in 2022 is too optimistic and does not reflect the complex global outlook. Meanwhile, Morgan Stanley and Goldman Sachs increased dividend payments after passing the Fed's stress tests**
- **Today's agenda includes trade balance (May) and consumer confidence (Jun) in the US, as well as a speech from Fed member Mary Daly**
- **According to Christine Lagarde, the ECB will start using reinvestments from the emergency asset purchase program (PEPP) 'flexibly' to avoid a potential crisis in the debt market on July 1st. Moreover, they are still working on a new program to avoid market fragmentation. Lastly, she said that the pace of rate hikes could speed up if necessary**
- **The president of the PBoC, Yi Gang, pledged to maintain an accommodative monetary policy stance to support growth, signaling also that it is likely that stimulus will focus on boosting credit, instead of lowering interest rates**
- **In Mexico, May's unemployment rate increased to 3.27%, showing that 518.1 thousand jobs were lost. With seasonally adjusted figures the rate advanced 27bps in the month, reaching 3.35%**

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Winners of the award for best economic
forecasters for Mexico in 2021, granted by
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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Unemployment rate - May	%	3.01	--	3.03
10:00	International reserves - Jun 24	US\$bn	--	--	198.2
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 3-year Mbono (Mar'25); 30-year Udibono (Nov'50) and 1-, 2-, 3-, 7-, and 10-year Bondes F				
<i>United States</i>					
8:30	Trade balance* - May	US\$bn	--	-102.2	-106.7
9:00	S&P/CoreLogic housing prices - Apr	% y/y	--	21.1	21.2
10:00	Consumer confidence* - Jun	index	101.0	100.0	106.4
12:30	Fed's Daly Interviewed During LinkedIn Event				

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	3,927.25	0.6%
Euro Stoxx 50	3,572.80	1.0%
Nikkei 225	27,049.47	0.7%
Shanghai Composite	3,409.21	0.9%
<i>Currencies</i>		
USD/MXN	19.95	0.1%
EUR/USD	1.06	-0.1%
DXY	104.03	0.1%
<i>Commodities</i>		
WTI	111.16	1.5%
Brent	117.08	1.7%
Gold	1,823.19	0.0%
Copper	381.75	1.5%
<i>Sovereign bonds</i>		
10-year Treasury	3.24	4pb

Source: Bloomberg

Equities

- **Positive movements in equity markets due to a partial decrease in fears regarding global economic growth, after China's decision to ease the strict policies imposed to combat COVID-19**
- **In Asia the markets closed positive. In Europe stocks advance, the Euro Stoxx adds 1.0%. Shares from energy and utilities sectors lead gains, while those from real estate and technology show losses. In turn, in the US the futures of main indices point to a positive open by rising 0.6% on average, with bank shares higher in premarket trading after most increased their dividend payments, including Bank of America, Goldman Sachs and Morgan Stanley, in response to successfully passing the Fed's stress tests**
- **In Mexico, the Mexbol may stand above the 48,500 pts**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European assets trade with losses of up to 12bps while the Treasuries yield curve adjusts +5bps from the 3-year node. Yesterday, the Mbonos curve closed with a steepening, as a result of 3bps gains in the short- and mid-end and 6bps losses at long-term tenors**
- **The dollar trades with few changes (DXY +0.1%) while the G-10 and EM currencies register mixed variations. In the first group, trading is capped by CAD (+0.3%) and JPY (-0.5%) while in the second, RUB (+1.8%) and INR (-0.5%) are at the ends. The Mexican peso is at mid-range, depreciating 0.1% to 19.95 per dollar**
- **Oil prices rise 1.8%, on average, and other commodities advance as they are boosted by lower concerns about economic growth in light of the news from China. In metals, gold trades with few changes and in industrials, nickel stands out printing gains of 2.8%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,438.26	-0.2%
S&P 500	3,900.11	-0.3%
Nasdaq	11,524.55	-0.7%
IPC	48,294.83	1.2%
Ibovespa	100,763.60	2.1%
Euro Stoxx 50	3,538.88	0.2%
FTSE 100	7,258.32	0.7%
CAC 40	6,047.31	-0.4%
DAX	13,186.07	0.5%
Nikkei 225	26,871.27	1.4%
Hang Seng	22,229.52	2.4%
Shanghai Composite	3,379.19	0.9%
<i>Sovereign bonds</i>		
2-year Treasuries	3.12	6pb
10-year Treasuries	3.20	7pb
28-day Cetes	7.78	3pb
28-day TIIE	8.02	1pb
2-year Mbono	9.42	-8pb
10-year Mbono	9.07	5pb
<i>Currencies</i>		
USD/MXN	19.92	0.3%
EUR/USD	1.06	0.3%
GBP/USD	1.23	0.0%
DXY	103.94	-0.2%
<i>Commodities</i>		
WTI	109.57	1.8%
Brent	115.09	1.7%
Mexican mix	106.25	0.6%
Gold	1,822.85	-0.2%
Copper	376.60	0.6%

Source: Bloomberg

Corporate Debt

- **Today, the auction of two long-term issuances from Cetelem will take place, CETELEM 22 (Tap issue) and 22-2, for a joint amount of up to MXN 2.0 billion. The bond CETELEM 22 will have a 3.7-year term with a fixed rate, while CETELEM 22-2 will have a 3-year term paying a floating rate**
- **CEMEX launched the Green Financing Framework which will enable CEMEX to issue green financing instruments. Under the Framework, the company intends to assign the net proceeds from the issuances to finance eligible green projects**

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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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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