

Financial Markets Daily

June 29, 2022

Main drivers for the financial markets today...

- **Stock markets lower, government bond yields negative and USD with small changes. Investors remain worried over the effects of a tight monetary stance globally to fight strong inflationary pressures and COVID-19 measures in China**
- **Attention will center on the Monetary Policy Forum from the ECB in Sintra, Portugal, highlighting today remarks from Christine Lagarde (ECB), Jerome Powell (Fed), Andrew Bailey (BOE), and Agustin Carstens (BIS) in a panel where they will discuss the current economic backdrop and the monetary policy response**
- **On this same front, we had comments from Loretta Mester (Cleveland Fed; has a vote in the FOMC this year) over her support for another 75bps hike in the following meeting, with the Fed funds rate possibly reaching a level between 3% and 3.5% this year and above 4% in 2023. Later we will also have comments from James Bullard (St. Louis Fed; also with a vote in the FOMC this year) as well as an additional participation from Mester**
- **In China, President Xi Jinping reaffirmed the “COVID Zero” from his country, calling it the only effective economic route and added that looking for herd immunity would be something unimaginable**
- **Regarding economic data, confidence data in the Eurozone (both from consumers and on the economy) for June showed a slight moderation. Later today we will be looking into inflation in Germany (June) –after a strong upward surprise in Spain reaching 10.2% y/y– and the third revision for 1Q22 GDP in the US, not expecting changes vs. the previous print. Tonight we will know June’s PMIs for China**

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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>United States</i>					
8:30	Gross domestic product** - 1Q22 (F)	% q/q	-1.5	-1.5	-1.5
8:30	Personal consumption** - 1Q22 (F)	% q/q	3.1	3.1	3.1
9:00	Powell, Lagarde, Bailey, Carstens speak at ECB Forum in Sintra, Portugal				
11:30	Fed's Mester Speaks on Panel at ECB Forum in Sintra				
13:05	Fed's Bullard makes introductory remarks				
<i>China</i>					
21:30	Manufacturing PMI* - Jun	index	--	50.3	49.6
21:30	Non-manufacturing PMI* - Jun	index	--	50.1	47.8
21:30	Composite PMI* - Jun	index	--	--	48.4

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	3,820.00	-0.1%
Euro Stoxx 50	3,497.71	-1.5%
Nikkei 225	26,804.60	-0.9%
Shanghai Composite	3,361.52	-1.4%
<i>Currencies</i>		
USD/MXN	20.14	0.0%
EUR/USD	1.05	0.1%
DXY	104.47	0.0%
<i>Commodities</i>		
WTI	112.92	1.0%
Brent	118.85	0.7%
Gold	1,827.22	0.4%
Copper	380.15	0.7%
<i>Sovereign bonds</i>		
10-year Treasury	3.16	-1pb

Source: Bloomberg

Equities

- **Negative stock markets, where investors assess tighter monetary policies by central banks after Europe's higher inflation data, while propping up concerns of an economic downturn**
- **Futures in the US anticipate a negative opening with the S&P500 trading 0.1% below its theoretical value. Carnival Plc plunged more than 8.0% on pre-market after adjusting the company's outlook due to the warnings of another demand shock. In the meanwhile, Europe operates with losses, the Eurostoxx decreases 1.5%, registering the largest falls in the real estate and materials sectors. Likewise, Asia closed to the downside, highlighting the Hang Seng decline of 1.9% and the Shanghai's of 1.4%, reflecting fears of lower economic dynamism driven by the zero-COVID approach in China**
- **In Mexico, the Mexbol Index could be trading below the 48,200pts, following its international peers' sentiment**

Sovereign fixed income, currencies and commodities

- **Gains in government rates. European assets post gains of up to 8bps while the Treasuries yield curve gains up to 2bps in the mid-end. Yesterday, the Mbonos' curve closed with losses of 4bps on average and the 10-year benchmark closed at 9.13% (+7bps)**
- **The dollar trades with few changes on the DXY while developed and emerging currencies post mixed movements. In the former group, CHF (+0.7%) and AUD (-0.4%) are at the ends, while in the latter HUF (+0.7%) leads the rallies and KRW (-1.2%) is the weakest. The Mexican peso extends yesterday's losses by depreciating 0.1% to 20.14 per dollar**
- **Crude-oil prices advance 0.7% on average due to a decline in API inventories and growth concerns. In metals, the positive bias prevails. In metals, the positive bias prevails, highlighting the 5.8% rise in nickel**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,946.99	-1.6%
S&P 500	3,821.55	-2.0%
Nasdaq	11,181.54	-3.0%
IPC	48,435.45	0.3%
Ibovespa	100,591.41	-0.2%
Euro Stoxx 50	3,549.29	0.3%
FTSE 100	7,323.41	0.9%
CAC 40	6,086.02	0.6%
DAX	13,231.82	0.3%
Nikkei 225	27,049.47	0.7%
Hang Seng	22,418.97	0.9%
Shanghai Composite	3,409.21	0.9%
<i>Sovereign bonds</i>		
2-year Treasuries	3.11	-1pb
10-year Treasuries	3.17	-3pb
28-day Cetes	7.65	-13pb
28-day TIIE	8.03	1pb
2-year Mbono	9.42	-1pb
10-year Mbono	9.15	7pb
<i>Currencies</i>		
USD/MXN	20.13	1.0%
EUR/USD	1.05	-0.6%
GBP/USD	1.22	-0.7%
DXY	104.51	0.5%
<i>Commodities</i>		
WTI	111.76	2.0%
Brent	117.98	2.5%
Mexican mix	108.77	2.4%
Gold	1,820.01	-0.2%
Copper	378.00	0.4%

Source: Bloomberg

Corporate Debt

- **Banco Inxev (Trustee) informed that on June 22, 2022, which was a Distribution Date that took place during the Scheduled Amortization Period, the Trust carried out the total amortization of the Certificates ALPHACB 18**
- **Fibra Uno informed of improvements and updates to its Environmental Social and Government strategy (ESG) targeting 2030**
- **Fitch Ratings assigned a 'AAA(mex)' long-term national scale rating to Industrias Bachoco's proposed issuance, BACHOCO 22. The ratings reflect the company's strong business position as Mexico's poultry industry leader and the sixth largest poultry company worldwide**

Certification of Analysts.

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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