Financial Markets Daily

June 30, 2022
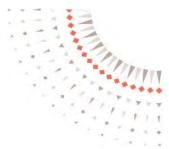
Main drivers for the financial markets today…

- **Negative stock markets, USD up and government bond yields down, after central bankers issued warnings that inflation is going to last longer and they need to act fast on rates, fueling concerns that aggressive monetary policy will end in an economic recession**

- **Attention on personal income and spending data in the US for May. This report, unlike the one on retail sales, not only includes spending on goods, but also on services, which for several months have been recovering significantly. Despite the above, we estimate a slowdown and expect a drop in real personal consumption of 0.4% m/m. On the other hand, jobless claims, which have been rising in recent weeks, will also be released. For this report, we estimate a level of 225k**

- **In other regions, in the Eurozone the May unemployment rate was published at 6.6%. Later, in China, the manufacturing PMI indicator will also be released**

- **In Mexico attention to banking credit and public finance reports. Attention will center on the public balance and Public Sector Borrowing Requirements (PSBR), which up to April accumulated a $54.5 billion deficit. We will be looking to the performance relative to the updates in the 2023 Preliminary Policy Criteria**

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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
United States					
8:30	Personal income* - May	% m/m	--	0.5	0.4
8:30	Personal spending* - May	% m/m	--	0.4	0.9
8:30	Real personal spending* - May	% m/m	-0.4	-0.3	0.7
8:30	PCE Deflator* - May	% m/m	--	0.7	0.2
8:30	Core* - May	% m/m	--	0.4	0.3
8:30	PCE Deflator - May	% y/y	--	6.4	6.3
8:30	Core - May	% y/y	--	4.8	4.9
8:30	Initial jobless claims* - Jun 25	thousands	225	230	229
Mexico					
10:00	Banking credit - May	% y/y	1.1	--	0.7
15:30	Public finances (PSBR, year-to-date) - May	MXNmn	--	--	-54.5
Colombia					
14:00	Monetary policy decision (BanRep)	%	--	7.25	6.00
China					
21:45	Manufacturing PMI (Caixin)* - Jun	index	--	49.4	48.1

Source: Bloomberg and Banorte. (P) preliminary data: (R) revised data: (F) final data: * Seasonally adjusted, ** Seasonally adjusted annualized rate.

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	3,763.75	-1.5%
Euro Stoxx 50	3,415.27	-2.8%
Nikkei 225	26,393.04	-1.5%
Shanghai Composite	3,398.62	1.1%
Currencies		
USD/MXN	20.23	0.5%
EUR/USD	1.04	-0.5%
DXY	105.48	0.4%
Commodities		
WTI	108.57	-1.1%
Brent	115.37	-0.8%
Gold	1,805.35	-0.7%
Copper	369.45	-2.2%
Sovereign bonds		
10-year Treasury	3.04	-5pb

Source: Bloomberg

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Equities

- **Negative stock markets, reflecting the fears of a global economic recession driven by more aggressive monetary policies, temporarily leading to risky assets aversion and caution among investors, after several comments issued during the ECB's annual Forum related to the high levels of inflation persistence**

- **Futures in the US anticipate a negative opening with the major indices trading on average 1.4% below their theoretical value. In the meanwhile, Europe is trading at widespread losses, with the Eurostoxx falling 2.8%, reporting the biggest declines in the technology and real estate sectors. In turn, Asia closed mostly to the downside, highlighting the Nikkei decline of 1.5% and the Hang Seng's of 0.6%, while the Shanghai advanced 1.1%**

- **In Mexico, the Mexbol Index could be trading between 47,300 and 47,800pts, following its international peer's movement**

Sovereign fixed income, currencies and commodities

- **Positive bias in sovereign bonds, with European assets adjusting up to -13bps. While the US Treasury curve registers gains of 6bps, on average. Yesterday, the Mbonos curve registered movements bounded by +/-3bps with the 10-year reference closing at 9.12% (-1bp)**

- **The dollar strengthens amid negative performance in developed currencies with SEK (-0.7%) as the weakest. In emerging markets, the bias is also negative with RUB (-4.5%) and PHP (+0.2%) at the extremes. The Mexican peso trades at 20.23 (-0.5%), almost diluting gains of the previous week**

- **Crude-oil is heading for the first monthly decline since November, with WTI trading below 110 $/bbl. In metals, industrials trade with mixed returns, while precious metals have a negative bias**

Corporate Debt

- **S&P Global Ratings confirmed Sigma Alimentos' international ratings at 'BBB-' and changed the outlook to Positive from Stable, after a similar rating action on its holding company, Alfa**

- **Fitch Ratings affirmed Instituto Fonacot's ratings at 'AAA(mex)' with a Stable outlook. The ratings and its outlook reflect Fitch evaluation on the strong propension that Mexico's Federal Government would grant support to Instituto Fonacot in case of necessity**

- **HR Ratings affirmed the ratings for Consubanco's ABS, CSBCB 17, at 'HR AAA (E)' with a Stable outlook based on the Maximum Default that the structure can hold in a stress scenario of 48.3%**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	31,029.31	0.3%
S&P 500	3,818.83	-0.1%
Nasdaq	11,177.89	0.0%
IPC	48,061.61	-0.8%
Ibovespa	99,621.58	-1.0%
Euro Stoxx 50	3,514.32	-1.0%
FTSE 100	7,312.32	-0.2%
CAC 40	6,031.48	-0.9%
DAX	13,003.35	-1.7%
Nikkei 225	26,804.60	-0.9%
Hang Seng	21,996.89	-1.9%
Shanghai Composite	3,361.52	-1.4%
Sovereign bonds		
2-year Treasuries	3.04	-7pb
10-year Treasuries	3.09	-8pb
28-day Cetes	7.67	2pb
28-day TIIE	8.02	0pb
2-year Mbono	9.42	0pb
10-year Mbono	9.14	-1pb
Currencies		
USD/MXN	20.13	0.0%
EUR/USD	1.04	-0.7%
GBP/USD	1.21	-0.5%
DXY	105.11	0.6%
Commodities		
WTI	109.78	-1.8%
Brent	116.26	-1.5%
Mexican mix	107.35	-1.3%
Gold	1,817.73	-0.1%
Copper	378.05	0.0%

Source: Bloomberg

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 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
BUY	*When the share expected performance is greater than the MEXBOL estimated performance.*
HOLD	*When the share expected performance is similar to the MEXBOL estimated performance.*
SELL	*When the share expected performance is lower than the MEXBOL estimated performance.*

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