

# Financial Markets Daily

July 15, 2022

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

- **Stock markets with positive bias, government bond yields and the USD lower, with investors assimilating comments from Fed members and calibrating expectations on monetary policy tightening to tackle inflation, though concerns of a global recession continue**
- **Specifically, yesterday Christopher Waller (Fed's Board) mentioned that he believes a 75bps hike in this month's decision is prudent, arguing that additional data on the economy still needs to be assimilated**
- **We will pay attention to the meeting of President Joe Biden with the Saudi Arabia Prince Bin Salman. The central issue within the discussions is expected to be OPEC oil production, although any decision on this subject is beyond control of this meeting**
- **In Italy, the Prime Minister, Mario Draghi presented his resignation yesterday, which was not accepted by the President, Sergio Mattarella. The path ahead is likely to be defined on Monday, where a dissolution of parliament and a new election is not yet ruled out**
- **In China, COVID restrictions persist in several cities, including Shanghai. In this context, 2Q22 GDP suffered from lockdown measures at the beginning of the period, falling 2.6% q/q (+0.4% y/y)**
- **On other economic data, May's Eurozone trade balance was a lower-than-expected deficit of -EUR26.0 billion. Lastly, in the US, we await June's retail sales and industrial production**

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forecasters for Mexico in 2021, granted by  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Trade balance* - May	EURbn	--	-35.0	-31.7
<i>United States</i>					
8:30	Empire manufacturing	index	-1.0	-2.0	-1.2
8:30	Advance retail sales* - Jun	% m/m	0.7	0.9	-0.3
8:30	Ex autos & gas* - Jun	% m/m	--	0.0	0.1
8:30	Control group* - Jun	% m/m	0.4	0.3	0.0
8:45	Fed's Bostic Discusses Monetary Policy and Global Uncertainty				
9:15	Industrial production* - Jun	% m/m	0.0	0.1	0.1
9:15	Manufacturing production* - Jun	% m/m	-0.1	-0.1	-0.1
10:00	U. of Michigan Confidence* - Jul (P)	index	48.0	50.0	50.0

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	3,806.00	0.3%
Euro Stoxx 50	3,429.72	1.0%
Nikkei 225	26,788.47	0.5%
Shanghai Composite	3,228.06	-1.6%
<i>Currencies</i>		
USD/MXN	20.81	0.0%
EUR/USD	1.01	0.4%
DXY	108.34	-0.2%
<i>Commodities</i>		
WTI	97.23	1.5%
Brent	100.98	1.9%
Gold	1,706.19	-0.2%
Copper	315.50	-1.7%
<i>Sovereign bonds</i>		
10-year Treasury	2.93	-3pb

Source: Bloomberg

## Equities

- **Stock markets with positive bias, as investors continue to assess the magnitude of the Fed's next move and watch for speeches from its various members**
- **Futures in the US anticipate a positive opening, with the S&P500 trading 0.3% above its theoretical value, and with special attention on corporate earnings of major financial institutions, such as Citigroup and Wells Fargo, which continue today. Figures from 9 S&P500 companies are expected**
- **Europe trades with almost widespread gains, supported by the advance of automakers and retailers, and offsetting the falls in basic resources, after the mining company 'Rio Tinto' warned about the gloomy outlook for the economy. In Asia, we saw mixed closes, highlighting declines in Hong Kong and China, amid renewed fears about regulatory hurdles for tech stocks**

## Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. European assets post adjustments of -2bps, on average, and the Treasuries yield curve trades with gains of 2bps. Yesterday the Mbonos' curve closed with losses of 4bps on average and the 2s10s spread increased to -56bps from -35bps at the end of June**
- **The dollar weakens (DXY -0.2%) as G-10 currencies gain traction and emerging currencies trade with mixed movements. In the former group CHF (+0.4%) leads gains while in the latter group trading is capped by RUB (+2.7%) and KRW (-1.1%). The MXN trades with few changes at 20.78, although in the Asian session reached a level of 20.89**
- **Crude-oil prices advanced 1.9% on average due to the expectation of a deficit market despite recession fears and lower growth in China. In metals, the bias is negative and highlights the 2% fall in copper, taking it to levels not seen for 20 months**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,630.17	-0.5%
S&P 500	3,790.38	-0.3%
Nasdaq	11,251.19	0.0%
IPC	46,741.31	-1.5%
Ibovespa	96,120.85	-1.8%
Euro Stoxx 50	3,396.61	-1.7%
FTSE 100	7,039.81	-1.6%
CAC 40	5,915.41	-1.4%
DAX	12,519.66	-1.9%
Nikkei 225	26,643.39	0.6%
Hang Seng	20,751.21	-0.2%
Shanghai Composite	3,281.74	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	3.13	-2pb
10-year Treasuries	2.96	3pb
28-day Cetes	7.58	4pb
28-day TIIE	8.04	0pb
2-year Mbono	9.64	8pb
10-year Mbono	9.05	0pb
<i>Currencies</i>		
USD/MXN	20.80	0.3%
EUR/USD	1.00	-0.4%
GBP/USD	1.18	-0.5%
DXY	108.54	0.5%
<i>Commodities</i>		
WTI	95.78	-0.5%
Brent	99.10	-0.5%
Mexican mix	90.87	-0.5%
Gold	1,709.94	-1.5%
Copper	321.15	-3.3%

Source: Bloomberg

## Corporate Debt

- **Crédito Real informed that the judgment issued by a commercial court was published in which its dissolution was recognized, and its judicial liquidation was ordered; a duly qualified judicial liquidator has been appointed and has assumed office**
- **Coca-Cola FEMSA announced that its subsidiary Spal Indústria Brasileira de Bebidas signed a non-exclusive distribution agreement with Grupo Perfetti Van Melle for the distribution of its products in Brazil**
- **PCR Verum assigned a 'B/M' rating to issue GICSA 15 with Negative outlook, based on the high leverage levels presented by Grupo GICSA**

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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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<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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