

Financial Markets Daily

July 19, 2022

Main drivers for the financial markets today...

- **Mixed stock markets with S&P Futures up, government bond yields with positive bias and USD down, in a backdrop of concerns about global growth and with the ECB assessing an unprecedented 50bps hike vs. 25bps in Thursday's decision to curb inflation exacerbated by Europe's energy crisis. At the same time, there are concerns that there is still no consensus on the details of the new anti-fragmentation tool just two days before the central bank's meeting**
- **Crude-oil prices hold above 100 \$/bbl supported by Saudi Arabia's comments about oil policy decisions would be dictated by markets and with coalition agreement, despite US demands to rise output. In this sense, Secretary Yellen will visit South Korea to help build a cap for Russian oil prices**
- **Regarding economic figures, in the Eurozone, June's inflation stood at 8.6% y/y in line with consensus and the preliminary data. In the US, housing starts and building permits for June will be released**
- **In Mexico, INEGI published its Timely Indicator of Economic Activity for June, with a 0.4% m/m contraction (2.1% y/y sa) in activity. By sectors, they expect industry at -0.3% m/m, reversing lower, and with services at -0.5%, weaker at the margin**

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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>Eurozone</i>					
5:00	Consumer prices - Jun (F)	% y/y	--	8.6	8.1
5:00	Core - Jun (F)	% y/y	--	3.7	3.7
<i>Mexico</i>					
7:00	Timely Indicator of Economic Activity* - Jun	% y/y	--	--	1.0
10:00	International reserves - Jul 15	US\$bn	--	--	198.4
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Jul'53); 30-year Udobono (Nov'50) and 1-, 3-, and 7-year Bondes F				
<i>United States</i>					
8:30	Housing starts** - Jun	thousands	--	1,580	1,549
8:30	Building permits** - Jun	thousands	--	1,640	1,695
<i>China</i>					
21:15	Rate decision 1-year Loan Prime Rate	%	--	3.70	3.70
21:15	Rate decision 5-year Loan Prime Rate	%	--	4.45	4.45

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	3,866.50	0.9%
Euro Stoxx 50	3,508.58	-0.1%
Nikkei 225	26,961.68	0.6%
Shanghai Composite	3,279.43	0.0%
<i>Currencies</i>		
USD/MXN	20.35	-0.6%
EUR/USD	1.03	1.1%
DXY	106.50	-0.8%
<i>Commodities</i>		
WTI	100.90	-1.7%
Brent	104.80	-1.4%
Gold	1,714.36	0.3%
Copper	334.80	0.0%
<i>Sovereign bonds</i>		
10-year Treasury	2.97	-1pb

Source: Bloomberg

Equities

- **Mixed movements in equity markets as investors weigh the growth prospects of the corporate earnings season and the global economy, amid lingering concerns about inflationary pressures**
- **In Asia the markets closed mixed. In Europe stocks are mixed, the Eurostoxx remains practically unchanged. Shares from consumer discretionary and financial sectors lead gains, while those from materials and technology superhead losses. In turn, in the US the futures of main indices point to a positive open by rising 0.7% on average**
- **Out of the 10 S&P500 companies scheduled to report today, 6 have already updated investors with outperforming estimates, including Johnson & Johnson. Moreover, Netflix will publish their figures after the market closes. In Mexico, reports from Bolsa and Fibrapl are expected today**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European rates adjust +/-2bps, while US Treasuries fluctuate between gains and losses. Yesterday, Mbonos curve recorded a steepening bias with few changes at the short-end and pressures of up to 12bps at the long-end**
- **The dollar retreats amid widespread gains in G10 and EM currencies. In the former, NOK (+1.7%) is the strongest and EUR (+1.1%) gains ground supported by a ECB's potential bigger rate hike. In EM, MXN trades at 20.35 per dollar (+0.5%), scoring three positive sessions in a row**
- **Crude-oil holds above 100 \$/bbl after a rally of 5% yesterday supported by Saudi Arabia's comments about oil policy decisions would be dictated by markets and with OPEC+ agreement, despite US demands to rise output**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,072.61	-0.7%
S&P 500	3,830.85	-0.8%
Nasdaq	11,360.05	-0.8%
IPC	46,923.20	-0.3%
Ibovespa	96,916.13	0.4%
Euro Stoxx 50	3,511.86	1.0%
FTSE 100	7,223.24	0.9%
CAC 40	6,091.91	0.9%
DAX	12,959.81	0.7%
Nikkei 225	26,788.47	0.0%
Hang Seng	20,846.18	2.7%
Shanghai Composite	3,278.10	1.6%
<i>Sovereign bonds</i>		
2-year Treasuries	3.17	5pb
10-year Treasuries	2.99	7pb
28-day Cetes	7.58	3pb
28-day TIE	8.02	0pb
2-year Mbono	9.66	3pb
10-year Mbono	9.11	6pb
<i>Currencies</i>		
USD/MXN	20.47	-0.3%
EUR/USD	1.01	0.6%
GBP/USD	1.20	0.8%
DXY	107.37	-0.6%
<i>Commodities</i>		
WTI	102.60	5.1%
Brent	106.27	5.1%
Mexican mix	97.83	5.6%
Gold	1,709.22	0.1%
Copper	334.60	3.5%

Source: Bloomberg

Corporate Debt

- **Grupo Aeroméxico informed that the transaction to obtain full control over Aeroméxico's loyalty program, Club Premier was completed. With the consummation of the transaction, PLM, the owner and operator of Club Premier, became a wholly-owned subsidiary of Grupo Aeroméxico**
- **HR Ratings upgraded PDN's (Portfolio de Negocios) rating to 'HR AA' from 'HR AA-', with a Stable Outlook. According to the agency, the upgrade revision is based on the strength of the Company's solvency indicators, where the capitalization ratio stood at 35.4% as of 1Q22**
- **HR Ratings upgraded Factoring Corporativo rating to 'HR AA-' from 'HR A+', with a Stable Outlook, and to 'HR1' from 'HR2'. According to the agency, the rating upgrade was based on the strength of the capitalization ratio, which stood at 29.1% as of 1Q22**

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>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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