Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets and government bond yields mixed, with the USD slightly down. Investors wait for more information to calibrate expectations regarding the timing of the first rate cut of the Fed this year, with recent pressures in bond rates affecting stocks performance**

- **Powell will speak about the economic outlook at the Stanford Business, Government, and Society Forum. Bostic, Bowman, Goolsbee, Barr, and Kugler will also speak throughout the day**

- **Regarding economic figures, in the US, the ADP private employment report for March was published, posting 184k new jobs, above consensus estimate (150k) and the previous data (155k)**

- **Inflation in the Eurozone moderated more than expected, supporting our estimate and the bets for a rate cut from the ECB in June**

- **In Mexico, INEGI published GFI for January at 0.1% m/m (previous: 0.0%), with construction higher (0.3%), but with machinery and equipment lower (-0.2%). In annual terms this implies +15.3%. Private consumption for the first month of 2024 was also released. It came in at -0.6% m/m (previous: 0.2%), dragged by the domestic component (-0.8%). This implies +2.9% in annual terms**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer prices - Mar (P)	% y/y	--	2.5	2.6
5:00	Core - Mar (P)	% y/y	--	3.0	3.1
5:00	Unemployment rate* - Feb	%	--	6.4	6.4
Brazil					
8:00	Industrial production - Feb	% y/y	--	5.6	3.6
8:00	Industrial production* - Feb	% m/m	--	0.2	-1.6
Mexico					
8:00	Gross fixed investment - Jan	% y/y	18.1	18.0	13.4
8:00	Gross fixed investment* - Jan	% m/m	1.7	1.6	0.0
8:00	Private consumption - Jan	% y/y	3.9	--	4.4
8:00	Private consumption* - Jan	% m/m	-0.5	--	0.2
United States					
8:15	ADP employment* - Mar	thousands	135	150	140
9:45	Services PMI* - Mar (F)	index	--	51.7	51.7
9:45	Composite PMI* - Mar (F)	index	--	--	52.2
10:00	ISM services* - Mar	index	--	52.8	52.6
12:10	Fed's Powell speaks about the economic outlook at Stanford				

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

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Winners of the awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023

LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster Economic Indicators for Mexico 2023

FOCUS ECONOMICS ANALYST FORECAST AWARDS 2023

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,250.50	-0.2%
Euro Stoxx 50	5,053.73	0.2%
Nikkei 225	39,451.85	-1.0%
Shanghai Composite	3,069.30	-0.2%
Currencies		
USD/MXN	16.58	0.1%
EUR/USD	1.08	0.1%
DXY	104.77	0.0%
Commodities		
WTI	85.70	0.6%
Brent	89.57	0.7%
Gold	2,275.29	-0.2%
Copper	412.20	1.3%
Sovereign bonds		
10-year Treasury	4.40	5pb

Source: Bloomberg

Equities

- **Equity markets mixed, with a negative bias, with investors weighing the monetary outlook, while digesting some corporate news**

- **US futures of the main stock indexes point to a negative opening, falling 0.2% on average. Intel falls 4.6% pre-market after disclosing operating losses of US$7 billion in its AI semiconductor manufacturing business (Intel Foundry). Losses spread to sector peers, with Amd, Nvda and Micron Technology falling**

- **In Europe, markets advance. The Eurostoxx rises supported by the shares of companies in the technology and healthcare sectors. Asia closed negative. TSMC's share price falls 1.3% after stopping part of its chip production following the earthquake**

Sovereign fixed income, currencies and commodities

- **Upward pressures on sovereign bond rates extend for the third session, as the ADP jobs report come stronger than expected. European bonds moderate a breather before the data and the Treasuries curve resumes the steepening bias with losses of up to 5bps in the long-end**

- **Mixed balance in G10 currencies within narrow ranges with JPY (-0.2%) and NOK (+0.2%) at the extremes. In EM currencies balance is also mixed with CLP (+0.6%) outperforming as the central bank slowed its easing pace. MXN depreciates 0.1% to 16.58 per dollar**

- **Commodites traded broadly positive except for some modest losses in metals including gold, although it is still close to all time highs. Oil gains ~1% with Brent close to 90 $/bbl backed with deficit expectations and stronger tension in the Middle East**

Corporate Debt

- **S&P Global Ratings affirmed Nemak's global scale rating of 'BB+' and its national scale rating of 'mxAA-' and revised the outlook to Negative from Stable. The Negative outlook indicates a possible downgrade if EBITDA remains constrained due to delayed transition to industry-wide electrification, higher inflation and lower-than-expected global light vehicle sales**

- **Grupo Rotoplas informed that, through its subsidiary 'rieggo', it acquired 51% of Irrigación de Vanguardia, a Mexican company focused in advanced irrigation systems for agriculture**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,170.24	-1.0%
S&P 500	5,205.81	-0.7%
Nasdaq	16,240.45	-1.0%
IPC	57,581.81	-0.1%
Ibovespa	127,548.52	0.4%
Euro Stoxx 50	5,042.00	-0.8%
FTSE 100	7,935.09	-0.2%
CAC 40	8,130.05	-0.9%
DAX	18,283.13	-1.1%
Nikkei 225	39,838.91	0.1%
Hang Seng	16,931.52	2.4%
Shanghai Composite	3,074.96	-0.1%
Sovereign bonds		
2-year Treasuries	4.69	-2pb
10-year Treasuries	4.35	4pb
28-day Cetes	10.88	-14pb
28-day TIIE	11.25	0pb
2-year Mbono	10.22	5pb
10-year Mbono	9.48	8pb
Currencies		
USD/MXN	16.55	-0.4%
EUR/USD	1.08	0.3%
GBP/USD	1.26	0.2%
DXY	104.82	-0.2%
Commodities		
WTI	85.15	1.7%
Brent	88.92	1.7%
Mexican mix	78.15	1.9%
Gold	2,280.67	1.3%
Copper	407.05	0.5%

Source: Bloomberg

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Juan Carlos Mercado Garduño, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, 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	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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