

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets negative, with S&P500 futures marginally higher, government bond yields positive, and the USD higher, processing US labor market figures but with some caution amid rising geopolitical tensions in the Middle East
- US labor market data for March was released, highlighting a creation of 303k jobs, while the unemployment rate fell to 3.8%. Also relevant is the 0.3% m/m increase in average hourly earnings. These figures support the tone of some Fed speakers on delaying interest rate cuts
- In Japan, the yen appreciated strongly following comments from BoJ Governor, Kazuo Ueda, pointing to a possible rate hike in the second half of the year. In addition, Prime Minister, Fumio Kishida, pledged actions to avoid excessive movements of the yen
- Regarding other economic figures, in the Eurozone, data related to industrial production remain weak. In Germany, new orders increased marginally, just 0.2% m/m in February, while in France industrial production expanded 0.2%, also below expectations. In Mexico, the banking sector expectations survey will be published. On the monetary front, we await comments from several Fed members, including Collins (Boston), Barkin (Richmond), Logan (Dallas) and Bowman (Fed Board), with special attention to changes in their views considering today's data
- On trade, Treasury Secretary, Janet Yellen, criticized China for its unfair treatment of American and foreign companies, even calling some measures coercive. It is relevant to mention that today she will meet with the Vice premier, He Lifeng
- On the conflict in Gaza, President Biden showed a new approach to his support for Israel. He told Prime Minister Netanyahu that US support in this war depends on new measures to protect civilians

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Retail sales* - Feb	% m/m	--	-0.4	0.1
United States					
8:30	Nonfarm payrolls* - Mar	thousands	220	214	275
8:30	Unemployment rate* - Mar	%	3.9	3.8	3.9
15:00	Consumer credit* - Feb	US\$bn	--	15.7	19.5
Mexico					
16:30	Banamex Survey of Economists				

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

April 5, 2024



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



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,201.25	0.1%
Euro Stoxx 50	4,995.02	-1.5%
Nikkei 225	38,992.08	-2.0%
Shanghai Composite	3,069.30	0.0%
Currencies		
USD/MXN	16.52	-0.4%
EUR/USD	1.08	0.0%
DXY	104.24	0.1%
Commodities		
WTI	86.69	0.1%
Brent	90.88	0.3%
Gold	2,291.40	0.0%
Copper	421.25	-0.9%
Sovereign bonds		
10-year Treasury	4.33	2pb

Source: Bloomberg

Equities

- Risk-off sentiment among investors continues, as we observe widespread profit-taking across major stock indexes. Caution prevails, as investors are digesting the newly released US nonfarm payrolls figures
- Futures moderate its gains and are slightly positive, with the S&P 500 advancing 0.1% from its theoretical value, also reacting to some dip-buying after the adjustments of recent days. Europe is trading with declines of more than 1%, while Asia also closed lower, and China remained on Holiday
- In corporate news, J&J has agreed to acquire Shockwave Medical Inc for US\$13.1 billion to bolster its expansion into the manufacture of medical devices for the treatment of heart disease

Sovereign fixed income, currencies and commodities

- Sovereign bonds sell-off in the aftermath of the strong NFP report in the US. The UTSs curve adjusts upwards by 5bps on average from intermediate tenors onwards, while the long-end losses up to 7bps. European tenors also experience widespread losses by ~5bps
- The USD strengthens mainly against G10 currencies where all fall with CHF (-0.5%) underperforming. EM pairs hold a mixed balance where the MXN stands as the strongest, fading initial pressures following the US data. It trades at 16.51, stronger by 0.5% and heading for a weekly gain of 0.3%, its second in a row
- Crude oil takes a pause after the strong rally in the last days that pushed Brent prices above 90 \$/bbl amid a physical deficit outlook and greater tensions in the Middle East. Gold trades with few changes and close to new highs

Corporate Debt

- Fitch Ratings affirmed the rating of issue CIENCB 15 at 'AAA(mex)vra'. The ratings take into account the qualities of the underlying Fondo de Aportaciones Múltiples (Multiple Contribution Fund); therefore, the benchmark for the rating of the securities was established as the sovereign's rating
- Fitch Ratings affirmed the rating of the ICVCB 23U issue (FF of the Instituto de Control Vehicular de Nuevo León) at 'AAA(mex)vra'. The rating is five notches above ICVNL's rating for six key rating factors assessed at 'Stronger' and an additional reserve fund

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,596.98	-1.4%
S&P 500	5,147.21	-1.2%
Nasdaq	16,049.08	-1.4%
IPC	57,882.76	0.7%
Ibovespa	127,427.53	0.1%
Euro Stoxx 50	5,070.76	0.0%
FTSE 100	7,975.89	0.5%
CAC 40	8,151.55	0.0%
DAX	18,403.13	0.2%
Nikkei 225	39,773.14	0.8%
Hang Seng	16,725.10	0.0%
Shanghai Composite	3,069.30	0.0%
Sovereign bonds		
2-year Treasuries	4.65	-2pb
10-year Treasuries	4.31	-4pb
28-day Cetes	10.91	1pb
28-day TIIE	11.25	0pb
2-year Mbono	10.25	2pb
10-year Mbono	9.49	0pb
Currencies		
USD/MXN	16.59	0.3%
EUR/USD	1.08	0.0%
GBP/USD	1.26	-0.1%
DX	104.12	-0.1%
Commodities		
WTI	86.59	1.4%
Brent	90.65	1.5%
Mexican mix	79.65	1.4%
Gold	2,290.94	-0.4%
Copper	424.90	1.3%

Source: Bloomberg

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