Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

April 8, 2024


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Main drivers for the financial markets today...

- **Stock markets and government bond yields up, with the USD skewed higher. Caution prevails as investors adjust their views on upcoming rate cuts from the Fed, with the possibility of an additional delay and in a more modest magnitude as the economy remains strong**

- **No economic data will be released today in the US and Mexico, only with speeches from Goolsbee and Kashkari of the Fed**

- **Market attention this week on US inflation for March. We estimate the headline at 0.3% m/m (3.4% y/y) and the core at 0.3% m/m (3.7% y/y). Both would be in line with consensus, with a marginal improvement relative to February. Moreover, the same indicator in Mexico, China, and Brazil. In the former, we estimate +0.33% m/m, which would equate to an annual rate of 4.47% from 4.40% in the previous month**

- **In monetary policy, decisions by the ECB (we expect unchanged interest rates), Philippines, Israel, New Zealand, Thailand, Canada, Peru, and South Korea. Moreover, the Fed minutes, as well as speeches from several of its members**

- **Going to the events, US Treasury Secretary Yellen will continue her trip to China until Tuesday. Parliamentary elections in South Korea and a trilateral meeting between Joe Biden, the president of the Philippines, and the Japanese prime minister**

- **Other US releases include producer prices (Mar) and @UMich consumer confidence (Apr). In other regions, China's trade balance (Mar); industrial production (Feb) in the UK; and retail sales (Feb) in Brazil**

- **Lastly, Mexico's industrial production (Feb), ANTAD's same store sales and wage negotiations (Mar)**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
3:00	Industrial production* - Feb	% m/m	--	0.5	1.0
3:00	Trade balance - Feb	EURbn	--	25.0	27.6
United States					
19:00	Fed's Kashkari Participates in Town Hall Meeting				

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

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,258.75	0.1%
Euro Stoxx 50	5,037.04	0.4%
Nikkei 225	39,347.04	0.9%
Shanghai Composite	3,047.05	-0.7%
Currencies		
USD/MXN	16.44	-0.1%
EUR/USD	1.08	-0.1%
DXY	104.42	0.1%
Commodities		
WTI	86.23	-0.8%
Brent	90.41	-0.8%
Gold	2,335.61	0.3%
Copper	426.60	0.7%
Sovereign bonds		
10-year Treasury	4.46	5pb

Source: Bloomberg

Equities

- **Main indices in positive territory as investors await the 1Q24 earnings season kicks off in the US next Friday, with major financial institutions: BlackRock, Citigroup, JP Morgan, and Wells Fargo. Bloomberg analyst consensus estimates S&P500 earnings growth of 3.9% vs. 8.0% y/y in the previous quarter**

- **US futures anticipate an unchanged opening. On the other hand, Europe trades mainly up and the Eurostoxx is climbing 0.4%, supported by the industrial sector. Asia closed mixed, with the Nikkei up 0.9% and the Shanghai down 0.7%, the latter affected due to the possible liquidation of the Shimao Group in China**

- **In Mexico, we anticipate a trading range for the Mexbol Index this week between 57,000 and 58,900pts**

Sovereign fixed income, currencies and commodities

- **10-year European rates up 5bps on average, with the Treasuries' yield curve adjusting up to +5bps at the long-end, extending the steepening bias amid losses reaching up to 18bps. This backdrop and Banxico's more cautious tone resulted in a sell-off of 28bps w/w for Mbonos, particularly pronounced in the 2- to 3-year area (+40bps)**

- **Dollar with modest gains amid a mixed performance in G10 currencies. In EM, the bias is negative with CLP (-0.7%) as the weakest. Meanwhile, the MXN trades at its best level since the end of 2015 of 16.44 per dollar (+0.1%), extending gains of the two previous weeks**

- **Crude-oil futures down from 5-month high after Israel said it would remove some troops from Gaza. Most metals advance, with copper jumping to its highest in almost two years due to rising supply risks and hopes for a global demand recovery**

Corporate Debt

- **This week we expect auction activity to continue in the debt market, with four long-term bonds to be offered by Navistar Financial and Volkswagen Leasing for MXN 4.0 billion. We highlight that the trend of securities from well-known issuers with high credit ratings continues**

- **Fitch Ratings affirmed the rating of issue MXMACCB 04U (mortgage-backed bond) at 'C(mex)vra'. The agency mentioned that the portfolio's asset quality remains polarized and has worsened. As of February 2024, it reported non-performing loans at 9.16% of the original balance (73.84% of the current balance)**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,904.04	0.8%
S&P 500	5,204.34	1.1%
Nasdaq	16,248.52	1.2%
IPC	58,092.44	0.4%
Ibovespa	126,795.41	-0.5%
Euro Stoxx 50	5,014.75	-1.1%
FTSE 100	7,911.16	-0.8%
CAC 40	8,061.31	-1.1%
DAX	18,175.04	-1.2%
Nikkei 225	38,992.08	-2.0%
Hang Seng	16,723.92	0.0%
Shanghai Composite	3,069.30	0.0%
Sovereign bonds		
2-year Treasuries	4.75	10pb
10-year Treasuries	4.40	9pb
28-day Cetes	11.01	10pb
28-day TIIE	11.25	0pb
2-year Mbono	10.38	13pb
10-year Mbono	9.57	8pb
Currencies		
USD/MXN	16.45	-0.8%
EUR/USD	1.08	0.0%
GBP/USD	1.26	0.0%
DXY	104.30	0.2%
Commodities		
WTI	86.91	0.4%
Brent	91.17	0.6%
Mexican mix	80.17	0.7%
Gold	2,329.75	1.7%
Copper	423.60	-0.3%

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, Marcos Saúl García Hernandez, 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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