BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stocks markets positive in Europ, government bond yields negative, and USD higher, with investors digesting the possibility that the Fed may start cutting rates latter than de ECB, while geopolitical tensions in the Middle East push commodities to the upside**

- **Regarding the trade war between the US and China, we highlight two notes. In China, the government has instructed the largest telecommunications company to stop using foreign chips by 2027 (US companies AMD and Intel would be the most affected). On the other side, in the US, six Chinese companies were added to the export blacklist, reaching 319 new companies during the Biden administration alone and surpassing Trump's figure (306)**

- **On economic figures, in China, exports in March were negative, falling 7.5%, damaging hopes that global demand will aid the nation's recovery. In the UK, signs of an economic recovery continue. Activity grew 0.1% m/m, adding a second month of increases. In addition, industrial production for the same period surprised higher at +1.1%, with manufacturing gaining momentum at +1.2%**

- **Later, in the economic agenda, the University of Michigan Confidence index for April will be released in the US. Meanwhile, on the monetary policy front we will focus on comments from Bostic (Boston) and Daly (San Francisco). Regarding the ECB, the statement of Stournaras (Bank of Greece) stands out, expressing that four cuts this year are possible, insisting that it is time to diverge from the Fed and from an 'overly prudent' stance**

- **In other news, President Biden indicated that he is committed to deepening relations on maritime and security ties with Japan and the Philippines; in a context where China's increasingly focused actions regarding international water disputes**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Germany and UK					
2:00	GER Consumer prices - Mar (F)	% y/y	--	2.2	2.2
3:00	UK Industrial production* - Feb	% m/m	--	-	-0.2
United States					
10:00	U. of Michigan Confidence* - Apr (P)	index	79.0	79.0	79.4
14:30	Fed's Bostic Gives Speech on Housing				
15:30	Fed's Daly Participates in Fireside Chat				

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

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	5,227.25	-0.3%
Euro Stoxx 50	5,004.43	0.8%
Nikkei 225	39,523.55	0.2%
Shanghai Composite	3,019.47	-0.5%
Currencies		
USD/MXN	16.52	0.5%
EUR/USD	1.07	-0.7%
DXY	105.89	0.6%
Commodities		
WTI	86.27	1.5%
Brent	90.79	1.2%
Gold	2,392.68	0.8%
Copper	434.50	2.2%
Sovereign bonds		
10-year Treasury	4.52	-7pb

Source: Bloomberg

Equities

- **Markets are digesting the official Kick-off of the 1Q24 reporting season in the US with the results of the major banks and mixed signals. The Bloomberg analyst consensus anticipates a 3.9% y/y increase in earnings per share for S&P500 companies, while strong margins for Big Tech will be a major catalyst to watch. The market expects the 'Magnificent 7' alone to grow 38% y/y**

- **Against this backdrop, futures anticipate a negative opening with the S&P500 trading 0.3% below its theoretical value. JPMorgan disappointed in its 2024 interest income expectations, while Wells Fargo fell short of expectations; Citigroup and Blackrock provided positive signals**

- **In Europe, stock markets advanced, led by the mining and energy sectors. Asia closed mixed**

Sovereign fixed income, currencies and commodities

- **Rally in sovereign bonds with a better performance in 10-year European rates that adjust -13bps, on average, after ECB member said it's time for the ECB to diverge from the Fed. Meanwhile, the Treasuries' yield curve record gains of up to -10bps at the short-end. In this context, we expect a positive bias for local bonds**

- **Dollar advances against most of G10 currencies with SEK (-1.4%) leading losses. In EM, the bias is negative with HUF (-0.7%) as the weakest. Meanwhile, the MXN trades at 16.55 per dollar (-0.1%), outlining a weekly depreciation of 0.6%**

- **Crude-oil futures jump amid geopolitical tensions as Israel braced for a potential strike by Iran. Widespread gains in metals, with gold reaching record levels and copper trading at fresh two-year high**

Corporate Debt

- **Cemex announced that it refinanced its euro-denominated syndicated sustainability-linked credit facility, extending its maturity to 2029. The refinanced credit agreement consists of a €450 million five-year amortizing term loan and a new €300 million four-year committed revolving credit facility**

- **HR Ratings affirmed Grupo Lala's ratings at 'HR AA' with a Stable outlook and 'HR1' for the short-term. According to the agency, the ratification is mainly based on the decrease in the Company's total debt from MXN 25.1 billion at the end of 2022 to MXN 23.2 billion in 2023. Additionally, the rating considers the 17.7% y/y increase in EBITDA**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,459.08	0.0%
S&P 500	5,199.06	0.7%
Nasdaq	16,442.20	1.7%
IPC	56,830.32	0.3%
Ibovespa	127,396.35	-0.5%
Euro Stoxx 50	4,966.68	-0.7%
FTSE 100	7,923.80	-0.5%
CAC 40	8,023.74	-0.3%
DAX	17,954.48	-0.8%
Nikkei 225	39,442.63	-0.4%
Hang Seng	17,095.03	-0.3%
Shanghai Composite	3,034.25	0.2%
Sovereign bonds		
2-year Treasuries	4.96	-1pb
10-year Treasuries	4.59	4pb
28-day Cetes	11.08	10pb
28-day TIIE	11.25	0pb
2-year Mbono	10.51	-2pb
10-year Mbono	9.85	1pb
Currencies		
USD/MXN	16.44	0.0%
EUR/USD	1.07	-0.2%
GBP/USD	1.26	0.1%
DXY	105.28	0.0%
Commodities		
WTI	85.02	-1.4%
Brent	89.74	-0.8%
Mexican mix	78.62	0.1%
Gold	2,372.52	1.6%
Copper	425.30	-0.7%

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, Ana Gabriela Martínez Mosqueda, 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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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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