

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets up except Asia, government bond yields higher, and USD mixed. Nervousness due to Iran's attack against Israel with drones and missiles in the weekend moderates, with investors betting that diplomatic efforts will avoid an escalation of tensions
- March's retail sales in the US were released, growing 0.7% m/m, above expectations. Moreover, April's Empire Manufacturing improved to -14.3pts, albeit weaker than consensus estimates
- No more economic data will be published today in the US and Mexico. Nevertheless, Mary Daly from the Fed will speak at Stanford. Later today, China will release 1Q24 GDP and data on March's industrial production, retail sales, and gross fixed investment
- Market attention this week on a plethora of speeches from members of the Fed, ECB, and BoE, among others. Several of them are gathered in Washington at the Spring Meetings of the IMF and the World Bank
- Apart from what has already been mentioned, the monetary policy agenda is relatively empty. The Fed will release its *Beige Book*, while China will announce 1- and 5-year prime loan rates
- Other US releases include housing starts, building permits, industrial production, existing home sales (Mar), and the Philly Fed manufacturing indicator (Apr). Lastly, Mexico's retail sales (Feb) and the Timely Indicator of Economic Activity (Mar)

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	Industrial production* - Feb	% m/m	--	0.8	-3.2
<b>United States</b>					
2:30	Fed's Logan Speaks on Panel in Tokyo				
8:30	Empire manufacturing* - Apr	index	-10.0	-5.0	-20.9
8:30	Retail sales* - Mar	% m/m	0.3	0.4	0.6
8:30	Ex autos & gas* - Mar	% m/m	--	0.3	0.3
8:30	Control group* - Mar	% m/m	0.3	0.4	0.0
20:00	Fed's Daly Gives Keynote Remarks				
<b>China</b>					
22:00	Gross domestic product - 1Q24	% y/y	--	4.8	5.2
22:00	Industrial production - Mar	% y/y	--	6.0	--
22:00	Retail sales - Mar	% y/y	--	5.0	--
22:00	Gross fixed investment (YTD) - Mar	% y/y	--	4.0	4.2

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.
<b>Equity indices</b>		
S&P 500 Futures	5,195.00	0.5%
Euro Stoxx 50	5,010.21	1.1%
Nikkei 225	39,232.80	-0.7%
Shanghai Composite	3,057.38	1.3%
<b>Currencies</b>		
USD/MXN	16.57	-0.5%
EUR/USD	1.07	0.1%
DXY	105.91	-0.1%
<b>Commodities</b>		
WTI	84.78	-1.0%
Brent	89.69	-0.8%
Gold	2,356.24	0.5%
Copper	432.40	1.5%
<b>Sovereign bonds</b>		
10-year Treasury	4.58	6pb

Source: Bloomberg

## Equities

- Positive except for Asia, after recent declines and amid geopolitical tensions in the Middle East. Investors await a greater flow of corporate reports. This week's figures are expected from 41 S&P500 companies (today only 3), highlighting: Bank of America, Goldman Sachs (already reported exceeding consensus), Morgan Stanley, and Netflix
- Asian markets closed negative. In Europe stocks rise, with the Eurostoxx up 1.1%. Consumer discretionary and industrials lead gains, while energy and communications services are the only ones falling. US futures of main indices point to a positive opening (+0.6% on average)
- In Mexico, the earnings season will begin this week, highlighting: Amx, Gf Norte, and Kimber. We expect a trading range for the IPC this week between 55,500 and 57,400pts

## Sovereign fixed income, currencies and commodities

- Sovereign bonds with upward pressures worldwide, with Europe weaker by ~7bps. The USTs curve marks a sell-off of 8bps from the 2-year onwards and reaches new YTD highs. With this move, Friday's gains driven by safe haven demand are reversed
- The USD strengthens modestly. G10 FX mixed, with losses in JPY (-0.7%) at new lows since 1990, breaching the USD/JPY 152 threshold again, and prompting the Japanese finance minister to mention "they will take all necessary steps" to halt the decline. In EM, the bias is weaker and MXN leads the group's gains, trading at 16.57 (+0.5%)
- Oil drops by 1%, pushing other energy futures down. Gold strengthens by 0.5% after reaching new fresh highs on Friday and scoring a 4-week rally

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	37,983.24	-1.2%
S&P 500	5,123.41	-1.5%
Nasdaq	16,175.09	-1.6%
IPC	56,565.92	-0.5%
Ibovespa	125,946.09	-1.1%
Euro Stoxx 50	4,955.01	-0.2%
FTSE 100	7,995.58	0.9%
CAC 40	8,010.83	-0.2%
DAX	17,930.32	-0.1%
Nikkei 225	39,523.55	0.2%
Hang Seng	16,721.69	-2.2%
Shanghai Composite	3,019.47	-0.5%
<b>Sovereign bonds</b>		
2-year Treasuries	4.90	-6pb
10-year Treasuries	4.52	-6pb
28-day Cetes	11.11	3pb
28-day TIIE	11.25	0pb
2-year Mbono	10.51	1pb
10-year Mbono	9.83	-1pb
<b>Currencies</b>		
USD/MXN	16.64	1.2%
EUR/USD	1.06	-0.8%
GBP/USD	1.25	-0.8%
DX	106.04	0.7%
<b>Commodities</b>		
WTI	85.66	0.8%
Brent	90.45	0.8%
Mexican mix	79.22	0.8%
Gold	2,344.37	-1.2%
Copper	425.85	0.1%

Source: Bloomberg

## Corporate Debt

- After the market's dynamism in recent months, the pipeline begins to decrease. Nevertheless, strong activity will resume in May, prior to the election. Particularly, for this week, we expect the auction of Instituto Fonacot's bond, FNCOT 24
- The FNCOT 24 issue is intended to be placed for an amount of MXN 4.4 billion, which may be increased to MXN 5.9 billion through an overallotment mechanism. The bond will pay a floating-rate pegged to TIIE-28 plus a spread and will have a 3-year term, approximately. The proceeds will be used to place loans for formal workers in the country. The ratings assigned were 'AAA(mex)' by Fitch Ratings and 'HR AAA' by HR Ratings

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