BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, but S&P Futures and government bond yields up, and USD mixed amid worries about high interest rates for longer in the US so the focus will be on speeches by Federal Reserve members, including Powell**

- **On the monetary policy front, busy Fedspeakers agenda including Powell, Jefferson, Williams, Barkin, and Collins. Also, Bailey from the Bank of England speaks as the Spring meetings of the IMF and the World Bank take place**

- **In terms of economic figures, in the US, housing starts and building permits for March were published, with the former posting a more severe drop than estimated, standing at -14.7% m/m (previous: +12.7%), while the latter also contracted more than expected at -4.3% (previous: +2.3%). Later, the industrial and manufacturing production report for March will be released, where a higher advance is expected compared to what was observed the previous month**

- **In Canada, March inflation was +0.6% m/m above the previous 0.3%, while the annual variation was in line with estimates at 2.9%. The central bank will take into account the report for future decisions**

- **Additionally, IMF will publish it´s World Economic Outlook (WEO)**

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Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com


Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com


Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com


Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com

www.banorte.com/analisiseconomico

@analisis_fundam

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

Document for distribution among public

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
2:00	UK Unemployment rate* - Feb	%	--	4.0	3.9
5:00	GER ZEW Survey (Expectations) - Apr	index	--	35.0	31.7
5:00	EZ Trade balance* - Feb	EURbn	--	--	28.1
United States					
8:30	Housing starts** - Mar	thousands	--	1,483	1,521
8:30	Building permits** - Mar	thousands	--	1,510	1,524
9:00	Fed's Jefferson Speaks at Monetary Policy Forum				
9:15	Industrial production* - Mar	% m/m	0.4	0.4	0.1
9:15	Manufacturing production* - Mar	% m/m	0.4	0.1	0.8
Mexico					
11:00	International reserves - Apr 12	US$bn	--	--	217.3
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 20-year Mbono (Nov'42), 3-year Udibono (Dec'26) and 2-, and 5-year Bondes F				

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,109.00	0.1%
Euro Stoxx 50	4,931.74	-1.1%
Nikkei 225	38,471.20	-1.9%
Shanghai Composite	3,007.07	-1.6%
Currencies		
USD/MXN	16.92	1.2%
EUR/USD	1.06	0.0%
DXY	106.21	0.0%
Commodities		
WTI	85.02	-0.5%
Brent	89.69	-0.5%
Gold	2,373.58	-0.4%
Copper	428.80	-2.1%
Sovereign bonds		
10-year Treasury	4.67	6pb

Source: Bloomberg

Equities

- **Negative sentiment in the markets, reflecting caution among investors about risks in the Middle East and adjustments in the monetary outlook following the latest economic data**
- **In the US, Dow futures anticipate a positive opening with an increase of 0.5% above its theoretical value. Meanwhile, Europe trades mainly lower, with the Eurostoxx dropping 0.9%, dragged down by the industrial and financial sectors. Asia closed with declines, with the Hang Seng down 2.1% and the Nikkei down 1.9%**
- **Of the 10 companies in the S&P500 that will publish results today, 7 have already released them, with Morgan Stanley exceeding expectations and UnitedHealth with higher than expected earnings; while Bank of America was above estimates, the net income fell. In Mexico, the earnings season officially kick off today, with America Movil and Banorte's numbers expected at the market close**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. 10-year rates in Europe increase 3bps on average, while the Treasuries curve loses of up to 3bps at the long-end. Yesterday, Mbonos averaged a sell-off of 14bps and the 10-year reference closed at 9.44% (+16bps)**
- **Dollar trades between gains and losses amid a mixed performance in developed currencies, with EUR (+0.2%) and SEK (-0.3%) at the extremes. In EM, the bias is negative with IDR (-2.1%) leading losses. Meanwhile, the MXN trades at 16.92 per dollar (-1.2%), scoring three negative days in a row**
- **Crude-oil futures turn lower as traders wait for clues on how Israel will respond to an un precedented attack by Iran. Widespread losses in metals with copper and gold falling 2.1% and 0.4%, respectively**

Corporate Debt

- **Fitch Ratings affirmed Grupo Comercial Chedraui's long-term rating at 'AAA(mex)' and its short-term rating at 'F1+(mex)'. The outlook is Stable. The affirmation was based on the issuer's solid business profile, driven by its operating efficiency and geographic diversification in Mexico and the US**
- **S&P Global Ratings affirmed the ratings of Monterrey Metropolitan Area Highway's issuance. The senior tranche (PAMMCB 14U) was affirmed at 'mxAAA' and the subordinated series (PAMMSCB 14U) at 'mxAA+'. The agency considers that the strategic location and competitive advantages continue to be a strength of the project**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,735.11	-0.7%
S&P 500	5,061.82	-1.2%
Nasdaq	15,885.02	-1.8%
IPC	55,984.00	-1.0%
Ibovespa	125,333.89	-0.5%
Euro Stoxx 50	4,984.48	0.6%
FTSE 100	7,965.53	-0.4%
CAC 40	8,045.11	0.4%
DAX	18,026.58	0.5%
Nikkei 225	39,232.80	-0.7%
Hang Seng	16,600.46	-0.7%
Shanghai Composite	3,057.38	1.3%
Sovereign bonds		
2-year Treasuries	4.92	2pb
10-year Treasuries	4.60	8pb
28-day Cetes	11.07	-4pb
28-day TIIE	11.24	-1pb
2-year Mbono	10.65	14pb
10-year Mbono	9.98	14pb
Currencies		
USD/MXN	16.72	0.4%
EUR/USD	1.06	-0.2%
GBP/USD	1.24	0.0%
DXY	106.21	0.2%
Commodities		
WTI	85.41	-0.3%
Brent	90.10	-0.4%
Mexican mix	78.89	-0.4%
Gold	2,383.34	1.7%
Copper	437.90	2.8%

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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	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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Directory

Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251

Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957

Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000

Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249

Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250

Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2144

Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 1103 - 4000

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000

Quantitative Analysis

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608

Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220

José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000

Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000

Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000