Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

April 17, 2024

Main drivers for the financial markets today...

- **Stock markets mixed – with a positive bias in Europe and in US futures. Government bonds yields negative with the dollar down. There is an improvement in risk appetite, following positive corporate reports in Europe and with some rebounds after sharp adjustments in previous sessions**

- **President Biden called for higher tariffs on steel and aluminum imports from China, commenting that these could be 25%, although the final number will be subject to review. In addition, the US will begin a formal investigation into China's shipbuilding sector. On geopolitics, the US announced additional sanctions against Iran, following the capture of an MSC vessel by the latter country. In this context, Saudi Arabia and the United Arab Emirates have called for self-restraint to avoid the 'dangers of war', with Israel still preparing a response to the weekend attacks**

- **In economic data, in the UK, March's inflation surprised to the upside at 3.8% y/y –including housing–, with the core at 4.2%. On the other hand, the final figures for the same indicators in the Eurozone were unchanged at 2.4% and 2.9%, respectively. In Brazil, economic activity in February grew 0.4% m/m (2.6% y/y). On the monetary front, after Powell's hawkish comments yesterday, focus will be on the Fed's Mester and Bowman presentations, as well as speeches from Bailey (BoE) and Lagarde (ECB) at the IMF meetings in Washington DC. In addition, the Fed will also publish the Beige Book**

- **China started anti-corruption inspections in some of its largest state-lenders, the central bank, and key regulators. In addition, they are looking into calming investors over new equity market rules**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
2:00	UK Consumer prices - Mar	% y/y	--	3.1	3.4
2:00	Core - Mar	% y/y	--	4.1	4.5
5:00	EZ Consumer prices - Mar (F)	% y/y	--	2.4	2.4
5:00	Core - Mar (F)	% y/y	--	2.9	2.9
Brazil					
8:00	Economic activity - Feb	% y/y	--	2.7	3.5
8:00	Economic activity* - Feb	% m/m	--	0.4	0.6
United States					
14:00	Beige Book				
17:30	Fed's Mester Gives Update on Fed				
19:15	Fed's Bowman Speaks at IIF Global Outlook Forum				

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	5,111.50	0.4%
Euro Stoxx 50	4,957.44	0.8%
Nikkei 225	37,961.80	-1.3%
Shanghai Composite	3,071.38	2.1%
Currencies		
USD/MXN	16.95	-0.7%
EUR/USD	1.06	0.2%
DXY	106.22	0.0%
Commodities		
WTI	84.36	-1.2%
Brent	88.91	-1.2%
Gold	2,385.86	0.1%
Copper	437.30	1.0%
Sovereign bonds		
10-year Treasury	4.63	-4pb

Source: Bloomberg

Equities

- **Moderate advances in the stock markets, reflecting some opportunity buying after recent adjustments, with investors digesting positive corporate reports in the aggregate**

- **US futures anticipate a higher opening with the S&P500 trading 0.3% above its theoretical value. Europe trades with gains. Notably, Adidas rises 6.0% after improving its revenue outlook, while LVMH boosts luxury stocks after positive results. Asia closed mixed**

- **On corporate news, 10 S&P 500 companies are expected to report today in the US, with better-than-expected results from Abbott Laboratories. In Mexico, Amx's figures showed lower-than-anticipated declines at the operating level and a better EBITDA margin, which exceeded expectations. Gruma and Fibrapl will release their results after the market close**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds in Europe strengthen by ~2bps, while the Treasury curve also sees a breather with gains of 1-3bps and better performance in the 2-5 year region. Yesterday, the Mbonos curve was pressured by 11bps as adjustments extended in UTSs**

- **The USD is slightly down in indices, observing a more homogeneous and positive dynamic in the balance of G10 vs EM. In the former, NZD leads the appreciation (+0.4%), and in the latter, HUF (+0.7%) outperforms, with MXN marginally behind, appreciating 0.7% at 16.95 following a depreciation of 2.1% yesterday, the strongest in a month**

- **Oil falls for the third session with Brent slightly below $90/bbl. Today, attention will be on the DOE inventory report with API estimating an increase for crude stocks but a draw for gasoline. Mixed bias in metals with gold near historic highs**

Corporate Debt

- **PCR Verum increased SICREA's ratings to 'A/M' from 'A-/M' and the short-term rating to '1/M' from '2/M'. The outlook remained Stable. The upgrade was based on SICREA's consistently lower leverage levels, coupled with a solid liquidity position, even in the context of a continued contraction in its business scale**

- **PCR Verum affirmed BeGrand's ratings at 'BBB+/M' and '2/M'. The outlook remained Stable. The ratings reflect the normalization of its leverage to reasonable levels, in addition to the significant improvement in its debt maturity profile for 2024 and 2025, following the consolidation at the end of 2022**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,798.97	0.2%
S&P 500	5,051.41	-0.2%
Nasdaq	15,865.25	-0.1%
IPC	55,797.25	-0.3%
Ibovespa	124,388.62	-0.8%
Euro Stoxx 50	4,916.99	-1.4%
FTSE 100	7,820.36	-1.8%
CAC 40	7,932.61	-1.4%
DAX	17,766.23	-1.4%
Nikkei 225	38,471.20	-1.9%
Hang Seng	16,248.97	-2.1%
Shanghai Composite	3,007.07	-1.6%
Sovereign bonds		
2-year Treasuries	4.99	7pb
10-year Treasuries	4.67	7pb
28-day Cetes	11.04	-3pb
28-day TIIE	11.24	0pb
2-year Mbono	10.74	8pb
10-year Mbono	10.09	11pb
Currencies		
USD/MXN	17.07	2.1%
EUR/USD	1.06	0.0%
GBP/USD	1.24	-0.2%
DXY	106.26	0.0%
Commodities		
WTI	85.36	-0.1%
Brent	90.02	-0.1%
Mexican mix	78.92	0.0%
Gold	2,382.89	0.0%
Copper	433.15	-1.6%

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.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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