Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets positive, USD weaker, and government bond yields negative, with some relief after the recent adjustment in the magnitude and timing of rate cuts by the Fed, factoring in inflation persistence with a resilient economy and growth optimism**

- **In China, the PBoC has reiterated the need to prevent one-sided moves in the yuan, implying that it will act to take the currency 'back to its tracks' when traders bet against it. Meanwhile, in Germany, the Bundesbank said that the economy could post a slight growth in 1Q24 given that there was a revision in March's figures. However, there is still uncertainty about 2Q24, considering broad weakness**

- **On the economic agenda, in the US, April's Philly Fed manufacturing index came in at 15.5pts, improving vs. March. On the other hand, initial jobless claims were relatively stable at +212k. Later, March's existing homes sales' figure will be published. Finally, on the monetary policy front we will focus on speeches from Bowman (Fed Board), Williams (New York), and Bostic (Atlanta)**

- **Opinions continue regarding the ECB's economic stance, with Vasle (Slovenia) now warning that the central bank cannot completely disregard the Fed when planning its own path. While de Guindos (ECB Vice President) reiterated that the inflation's downward trend should allow for rate cuts**

- **In other news, White House officials are resuming discussions about declaring a national climate emergency. This would be an unprecedented step to unlock federal powers to block oil development**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	Current account* - Feb	US$bn	--	--	39.4
Mexico					
8:00	Timely Indicator of Economic Activity* - Mar	% y/y	--	--	2.4
United States					
8:30	Philadelphia Fed* - Apr	index	2.0	2.0	3.2
8:30	Initial jobless claims* - Apr 13	thousands	217	215	221
9:15	Fed's Bowman Speaks at SIFMA Roundtable				
9:15	Fed's Williams Participates in Moderated Discussion				
10:00	Existing home sales**-Mar	millions	--	4.2	4.4
11:00	Fed's Bostic Speaks in Fireside Chat on Economy				
17:45	Fed's Bostic Chats About Economy, Monetary Policy				

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

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Winners of the awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023

LSEG STARMINE AWARD FOR REUTERS POLLS
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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,067.00	0.1%
Euro Stoxx 50	4,923.71	0.2%
Nikkei 225	38,079.70	0.3%
Shanghai Composite	3,074.23	0.1%
Currencies		
USD/MXN	16.96	0.0%
EUR/USD	1.07	-0.1%
DXY	105.97	0.0%
Commodities		
WTI	82.50	-0.2%
Brent	86.90	-0.4%
Gold	2,385.35	1.0%
Copper	441.80	1.8%
Sovereign bonds		
10-year Treasury	4.59	1pb

Source: Bloomberg

Equities

- **Positive bias in the main stock indexes, where investors are assessing recent corporate reports and the monetary outlook. At the market close, the focus will be on Netflix figures**

- **Futures in the US anticipate a positive opening with the S&P500 rising 0.1% above its theoretical value. Meanwhile, Europe trades mostly modestly higher, with the Eurostoxx climbing 0.2%, driven by the utilities sector. Asia closed with a positive bias, with the Hang Seng increasing 0.8%**

- **On the corporate front, out of 11 S&P500 companies that are due to release their results today, 8 have already released, most of them better than expected. In Mexico, yesterday Fibra Prologis reported relevant growth, supported by nearshoring benefits. At the close market, Kimberly-Clark and Qualitas' numbers are expected**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. The 10-year European rates decline 2bps, on average, while the Treasuries' yield curve records modest losses of 2bps after gaining 7bps yesterday. In a similar fashion, Mbonos finished the session with a 12bps rally, and the 10-year benchmark closed at 9.95% (-14bps)**

- **Dollar down against most of G10 currencies with SEK (+0.3%) leading gains. In EM, the bias is positive with KRW (+1.0%) as the strongest. Meanwhile, the MXN trades well close the psychological level of 17.00 per dollar (-0.1%), after a 0.6% appreciation yesterday**

- **Crude-oil futures fell for a fourth day as US inventories reached their highest level since June and some geopolitical premium began to ease**

Corporate Debt

- **Grupo Vasconia informed that, in order to reduce fixed costs and preserve Almexa's liquidity, it decided to cancel the thin aluminium coil business line, indefinitely interrupting operations at the Tulpetlac plant**

- **PCR Verum downgraded CAME's (Consejo de Asistencia al Microemprendedor) rating to 'B+/M' from 'BB+/M' and placed it on Negative Watch. The rating action follows the effects of the recent merger between CAME and Te Creemos, which had a significant impact on its financial position**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,753.31	-0.1%
S&P 500	5,022.21	-0.6%
Nasdaq	15,683.37	-1.1%
IPC	55,415.69	-0.7%
Ibovespa	124,171.15	-0.2%
Euro Stoxx 50	4,914.13	-0.1%
FTSE 100	7,847.99	0.4%
CAC 40	7,981.51	0.6%
DAX	17,770.02	0.0%
Nikkei 225	37,961.80	-1.3%
Hang Seng	16,251.84	0.0%
Shanghai Composite	3,071.38	2.1%
Sovereign bonds		
2-year Treasuries	4.93	-5pb
10-year Treasuries	4.59	-8pb
28-day Cetes	11.04	0pb
28-day TIIE	11.25	0pb
2-year Mbono	10.68	-6pb
10-year Mbono	9.97	-12pb
Currencies		
USD/MXN	16.96	-0.6%
EUR/USD	1.07	0.5%
GBP/USD	1.25	0.2%
DXY	105.95	-0.3%
Commodities		
WTI	82.69	-3.1%
Brent	87.29	-3.0%
Mexican mix	76.44	-3.1%
Gold	2,361.02	-0.9%
Copper	436.35	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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	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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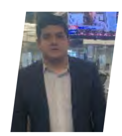

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