

## Financial Markets Daily

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

- Stock markets and government bond yields higher, with USD mixed. Risk assets react positively to the absence of an additional escalation of Middle East tensions, refocusing on the earnings season in several regions and the central banks' outlook
- No more data will be published today in the US. Going to the Eurozone, April's consumer confidence. In Mexico, the banking sector survey
- Market attention this week on the pace of the economy and regional divergences with April's PMIs in the UK, the Eurozone, and the US. These results could well influence the market's view about the relative closeness of possible interest rate cuts
- In monetary policy, the decisions in Japan (consensus expects no change), Hungary, Indonesia, Turkey, and Russia. Several speeches from ECB members, including Lagarde, but not from the Fed as the silence period begins
- Going to the events, an EU foreign ministers meeting to discuss the situation in Ukraine and the Middle East, with all eyes on the reactions from several countries to the latest developments in the latter region
- Other relevant US data includes 1Q24 GDP, with our forecast at 2.4% q/q saar. In addition, personal income & spending, PCE deflator, trade balance, durable goods orders, and new home sales (Mar)
- Lastly, Mexico's monthly GDP-proxy IGAE rebounded 1.4% m/m after falling 0.9% in the previous month. We forecast inflation in the 1<sup>st</sup> half of April at 0.00% 2w/2w (4.54% y/y). Also, the unemployment rate and trade balance (Mar). The second debate between presidential candidates will take place on April 28<sup>th</sup>

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Mexico</b>					
8:00	Economic activity indicator (IGAE) - Feb	% y/y	3.3	2.7	2.0
8:00	Economic activity indicator (IGAE)* - Feb	% m/m	0.5	0.5	-0.6
16:30	Citibanamex Survey of Economists				
<b>Eurozone</b>					
10:00	Consumer confidence* - Apr (P)	index	--	-14.4	-14.9

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

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forecasters in Mexico by LSEG and Focus  
Economics in 2023



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### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	5,033.00	0.6%
Euro Stoxx 50	4,931.46	0.3%
Nikkei 225	37,438.61	1.0%
Shanghai Composite	3,044.60	-0.7%
<b>Currencies</b>		
USD/MXN	17.10	0.0%
EUR/USD	1.06	-0.2%
DX	106.27	0.1%
<b>Commodities</b>		
WTI	83.06	-0.1%
Brent	86.62	-0.8%
Gold	2,342.56	-2.1%
Copper	449.70	0.0%
<b>Sovereign bonds</b>		
10-year Treasury	4.66	4pb

Source: Bloomberg

## Equities

- Major indices higher as we observe some opportunity buying. Investors' attention will remain on the 1Q24 season, awaiting results from 159 S&P companies this week, highlighting Google (25), Meta (24), Microsoft (25), and Tesla (23) among the 'Magnificent Seven'. US futures anticipate a bullish opening, with the S&P500 up 0.6%
- Gains prevail in Europe, with the Eurostoxx climbing 0.3%, supported by the communications sector. Asia closed with a positive bias, with the Hang Seng rising 1.8%
- In Mexico, information will be abundant with the figures of 30 Mexbol companies, remembering that the deadline is on Friday, April 26. We anticipate a weekly trading range between 54,600 and 56,800pts. At the market's close, we expect the reports from Asur, Bimbo, Gap, Regional, and Volar

## Sovereign fixed income, currencies and commodities

- Sovereign bonds extend this month's sell-off. Ten-year European rates rise 2bps on average, and the Treasuries curve adjusts up to +3bps at the long-end. Last week, the Mbonos' curve flattened with losses of 9bps at the belly and few changes at the long-end (+2bps)
- Dollar slightly positive amid a mixed performance in G10, with NZD (+0.4%) and GBP (-0.4%) at the extremes. In EM, the bias is negative. The MXN trades at 17.10 per dollar (unchanged), after its alst week's worst performance since the beginning of October with a 2.6% depreciation
- Crude-oil futures down as some premium from tensions in the Middle East fade away from the market. Widespread losses in metals, with gold falling 2.1% in sign that haven demand is easing

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	37,986.40	0.6%
S&P 500	4,967.23	-0.9%
Nasdaq	15,282.01	-2.0%
IPC	55,862.85	0.2%
Ibovespa	125,124.30	0.7%
Euro Stoxx 50	4,918.09	-0.4%
FTSE 100	7,895.85	0.2%
CAC 40	8,022.41	0.0%
DAX	17,737.36	-0.6%
Nikkei 225	37,068.35	-2.7%
Hang Seng	16,224.14	-1.0%
Shanghai Composite	3,065.26	-0.3%
<b>Sovereign bonds</b>		
2-year Treasuries	4.99	0pb
10-year Treasuries	4.62	-1pb
28-day Cetes	11.04	0pb
28-day TIIE	11.25	0pb
2-year Mbono	10.61	-7pb
10-year Mbono	9.86	-11pb
<b>Currencies</b>		
USD/MXN	17.09	0.2%
EUR/USD	1.07	0.1%
GBP/USD	1.24	-0.5%
DX	106.15	0.0%
<b>Commodities</b>		
WTI	83.14	0.5%
Brent	87.29	0.2%
Mexican mix	76.37	0.4%
Gold	2,391.93	0.5%
Copper	452.60	1.3%

Source: Bloomberg

## Corporate Debt

- For the rest of April, We do not expect any long-term bond auctions during the rest of April. the issued amount for the month will likely close at MXN 18.8 billion (6.1% y/y). We expect dynamism in May, prior to the election, with up to MXN 15.5 billion to be offered
- Fitch Ratings affirmed the rating of issue APPCVCB 17 (APP Coatzacoalcos-Villahermosa's Future Flow) at 'AA+(mex)vra' with Stable outlook. The rating reflects a project supported by predictable cash flows from a counterparty with solid credit quality

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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