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Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets higher, government bond yields positive, and the USD lower, with investors awaiting corporate earnings from the 'Magnificent Seven' to evaluate if high valuations driven by AI can be justified. Among these, Tesla's report today stands out**

- **April's PMIs in Germany surprised higher, particularly services. With this, indicators for the Eurozone –except manufacturing– were better than anticipated. In the UK, the print for services was also better, albeit with manufacturing disappointing. Later we expect these same indicators in the US, along March's new home sales**

- **On the monetary front, BoJ Governor, Kazuo Ueda, mentioned that they will hike rates if underlying inflation closes in on the institution's target, which suggests that there will be no moves during this week's decision. Meanwhile, in line with expectations, Hungary's central bank cut rates by 50bps to 7.75%**

- **According to several reports, the US is preparing sanctions against some Chinese banks for supporting the Russian war effort. In this context, the visit from the Secretary of State, Anthony Blinken to the Asian nation is expected this week**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
3:30	GER Manufacturing PMI* - Apr (P)	index	--	42.7	41.9
3:30	GER Services PMI* - Apr (P)	index	--	50.5	50.1
3:30	GER Composite PMI* - Apr (P)	index	--	48.4	47.7
4:00	EZ Manufacturing PMI* - Apr (P)	index	--	46.5	46.1
4:00	EZ Services PMI* - Apr (P)	index	--	51.8	51.5
4:00	EZ Composite PMI* - Apr (P)	index	--	50.7	50.3
4:30	UK Manufacturing PMI* - Apr (P)	index	--	50.4	50.3
4:30	UK Services PMI* - Apr (P)	index	--	53.0	53.1
United States					
9:45	Manufacturing PMI* - Apr (P)	index	52.2	52.0	51.0
9:45	Services PMI* - Apr (P)	index	--	52.0	51.7
9:45	Composite PMI* - Apr (P)	index	--	52.0	52.1
10:00	New home sales** - Mar	millions	--	670	662
Mexico					
11:00	International reserves - Apr 19	US$bn	--	--	217.2
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 10-year Mbono (Nov'34), 10-year Udibono (Aug'34) and 1-, 3-, and 7-year Bondes F				

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

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LSEG STARMINE AWARD FOR REUTERS POLLS Best Forecaster Economic Indicators for Mexico 2023

FOCUS ECONOMICS ANALYST FORECAST AWARDS 2023

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,066.50	0.4%
Euro Stoxx 50	4,984.13	1.0%
Nikkei 225	37,552.16	0.3%
Shanghai Composite	3,021.98	-0.7%
Currencies		
USD/MXN	17.13	-0.1%
EUR/USD	1.07	0.1%
DXY	105.99	-0.1%
Commodities		
WTI	81.06	-2.2%
Brent	86.20	-0.9%
Gold	2,311.91	-0.7%
Copper	440.05	-1.7%
Sovereign bonds		
10-year Treasury	4.64	4pb

Source: Bloomberg

Equities

- **Positive equity markets, with investors evaluating corporate reports that have been better than expected**

- **US futures anticipate an upward opening, trading on average 0.2% above their theoretical value. GM's rise stands out (+4.2% pre-market) after increasing its earnings guidance for 2024. Europe trades with gains while Asia closed mixed**

- **Of 35 S&P500 companies reporting today, 22 have released their numbers, most of them better than anticipated, including Danaher, GE, PepsiCo, and UPS. Tesla will release its figures at close. In Mexico, Asur, Gap and Volar's results exceeded expectations. Double-digit growth at Asur; lower margin impact at Gap; and a slight increase in Volar's profitability guidance. Results from Alfa & subsidiaries, Alsea, Chedraui, Gcc, and Liverpool are expected today**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. 10-year rates in Europe increase 4bps on average, while the Treasuries curve loses of up to 3bps at the long-end. Yesterday, Mbonos averaged a sell-off of 6bps and the 10-year reference closed at 9.90% (+7bps)**

- **Dollar weakens against most of developed currencies, with GBP (+0.4%) as the strongest following strong economic data in the region. In EM, the bias is mixed. Meanwhile, the MXN trades at 17.13 per dollar (+0.1%), after a 0.3% depreciation yesterday**

- **Widespread losses in commodities. Crude-oil futures turn lower as positive sentiment across markets offsets uncertainty over the Middle East conflict. Gold extended losses after its biggest daily decline in almost two years of 2.7% yesterday**

Corporate Debt

- **Total Play Telecomunicaciones reported that it concluded the agreement to refinance US$519 million of its senior notes for US$575 million due in 2025, for new senior notes with final maturity in 2028. The amount of the refinancing is the sum of the exchange agreement for US$213.5 million, communicated last February and the acceptance of the exchange offer for US$305.5 million concluded on April 19th. The new senior secured notes will pay a coupon rate of 10.500% and will mature in 2028**

- **Moody's Ratings affirmed Coca-Cola Femsa's (KOF) international rating at 'A3'. The outlook remained Stable. The rating action reflects KOF's strong financial profile and ability to manage costs and drive profitability**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,239.98	0.7%
S&P 500	5,010.60	0.9%
Nasdaq	15,451.31	1.1%
IPC	56,551.90	1.2%
Ibovespa	125,573.16	0.4%
Euro Stoxx 50	4,936.85	0.4%
FTSE 100	8,023.87	1.6%
CAC 40	8,040.36	0.2%
DAX	17,860.80	0.7%
Nikkei 225	37,438.61	1.0%
Hang Seng	16,511.69	1.8%
Shanghai Composite	3,044.60	-0.7%
Sovereign bonds		
2-year Treasuries	4.97	-1pb
10-year Treasuries	4.61	-1pb
28-day Cetes	11.00	-4pb
28-day TIIE	11.25	0pb
2-year Mbono	10.68	7pb
10-year Mbono	9.91	5pb
Currencies		
USD/MXN	17.14	0.3%
EUR/USD	1.07	0.0%
GBP/USD	1.24	-0.2%
DXY	106.08	-0.1%
Commodities		
WTI	82.85	-0.3%
Brent	87.00	-0.3%
Mexican mix	75.82	-0.7%
Gold	2,327.30	-2.7%
Copper	450.60	-0.4%

Source: Bloomberg

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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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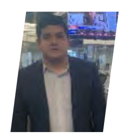

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