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, government bond yields skewed down and USD slightly up, with investors assimilating the figures related to inflation in the US, which may help to define further the likely timing for the Federal Reserve to start rate cuts, while assimilating positive earnings from some big techs**

- **On monetary policy front, the Bank of Japan kept rates unchanged as expected**

- **In economic figures, in the US the personal income and spending report for March was published. Real consumption posted a solid advance of +0.5% m/m, above the +0.3% m/m consensus estimate. Regarding price indicators, the PCE was in line with estimates at +0.3% m/m, with the annual variation rising from 2.5% to 2.7%. While the PCE Core was +0.3% m/m, also in line with expectations, with the annual variation remaining at 2.8%**

- **In Mexico, INEGI released March's employment report. The unemployment rate fell to 2.28% (-17bps), with 414.3 thousand jobs gained. With seasonally adjusted figures the rate came in at 2.66% (+8bps). INEGI also released March's trade balance, posting a US$2,098.1 million surplus. Exports fell 0.2% m/m (-5.3% y/y), dragged by oil goods. Imports declined 0.5% m/m (-7.1% y/y), noting widespread contractions**

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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
Best Forecaster Economic Indicators for Mexico 2023

FOCUS ECONOMICS
ANALYST FORECAST AWARDS
2023

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Unemployment rate - Mar	%	2.28	2.43	2.45
8:00	Trade balance - Mar	US$mn	367.3	450.0	-584.7
Brazil					
8:00	Consumer prices - Apr	% m/m	--	0.29	0.36
8:00	Consumer prices - Apr	% y/y	--	3.85	4.14
United States					
8:30	Personal income* - Mar	% m/m	--	0.5	0.3
8:30	Personal spending* - Mar	% m/m	--	0.6	0.8
8:30	Real personal spending* - Mar	% m/m	0.3	0.3	0.4
8:30	PCE Deflator* - Mar	% m/m	0.3	0.3	0.3
8:30	Core* - Mar	% m/m	0.3	0.3	0.3
8:30	PCE Deflator - Mar	% y/y	2.7	2.6	2.5
8:30	Core - Mar	% y/y	2.7	2.7	2.8
10:00	U. of Michigan confidence* - Apr (F)	index	77.9	77.9	77.9

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	5,126.50	0.9%
Euro Stoxx 50	4,978.54	0.8%
Nikkei 225	37,934.76	0.8%
Shanghai Composite	3,088.64	1.2%
Currencies		
USD/MXN	17.23	0.2%
EUR/USD	1.07	-0.1%
DXY	105.78	0.2%
Commodities		
WTI	84.41	1.0%
Brent	89.81	0.9%
Gold	2,342.21	0.4%
Copper	458.50	1.5%
Sovereign bonds		
10-year Treasury	4.68	-2pb

Source: Bloomberg

Equities

- **Widespread gains reacting positively to the results of big techs. Futures in the US anticipate a positive open, with the S&P500 trading 0.9% above its theoretical value**

- **Within the 'Magnificent 7' group, Alphabet's revenues exceeded estimates, and the company announced the payment of a dividend for the first time in its history. Meanwhile, Microsoft's sales and profits also beat expectations in the face of strong demand for AI. In other reports, Intel provided weaker-than-expected guidance, while Chevron and Exxon disappointed in their results**

- **At the moment we have 43% of the results of S&P500 companies and a cumulative increase in earnings of 6.1% vs 3.9%e. The positive surprise rate stands at 81.2%. In Mexico, today is the last day of reports, attentive to Femsa and Pemex**

Sovereign fixed income, currencies and commodities

- **Slightly positive balance in sovereign bonds. The 10-year European rates decline 4bps, on average, and the Treasuries' yield curve records a flattening bias with gains of 5bps at the long-end. Yesterday, Mbonos averaged losses of 4bps, with the 10-year benchmark closing at 9.98% (+4bps)**

- **Dollar op against most of G10 currencies, with JPY (-0.8%) leading losses. In EM, the bias is positive. Meanwhile, MXN trades at 17.17 per dollar (+0.2%); however, it registers a weekly's 0.5% depreciation and adds three negative weeks in a row**

- **Crude-oil futures head for a weekly gain, with curves in backwardation (spot prices above futures) in sign of tightening supplies. Positive balance in metals, with gold and copper advancing 0.5% and 1.3%, respectively**

Corporate Debt

- **S&P Global Ratings confirmed the rating of the LPSLCB 14U issue at 'mxAA', of the LPSLCB 14-2U issue at 'mxAAA' and of the subordinated LIPSBCB 14U at 'mxAA-'. The ratification is based on the agency's hope that availability payments from the SICT (Secretary of Infrastructure, Communications and Transportation) will remain constant and without delays or significant deductions, they also expect that the traffic performance for the Bypass and the Highway is robust enough in the short and medium term**

- **It is important to note that the LPSLCB 14U issuance is covered by availability payments from the SICT to the concessionaire for the operation and maintenance of the Río Verde-Ciudad Valles highway; while 14-2U with the cash flow generated by the toll collected from Libramiento La Piedad**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,085.80	-1.0%
S&P 500	5,048.42	-0.5%
Nasdaq	15,611.76	-0.6%
IPC	57,085.84	1.1%
Ibovespa	124,645.58	-0.1%
Euro Stoxx 50	4,939.01	-1.0%
FTSE 100	8,078.86	0.5%
CAC 40	8,016.65	-0.9%
DAX	17,917.28	-0.9%
Nikkei 225	37,628.48	-2.2%
Hang Seng	17,284.54	0.5%
Shanghai Composite	3,052.90	0.3%
Sovereign bonds		
2-year Treasuries	5.00	7pb
10-year Treasuries	4.70	6pb
28-day Cetes	11.04	-2pb
28-day TIIE	11.25	0pb
2-year Mbono	10.82	6pb
10-year Mbono	9.99	3pb
Currencies		
USD/MXN	17.21	0.8%
EUR/USD	1.07	0.3%
GBP/USD	1.25	0.4%
DXY	105.60	-0.2%
Commodities		
WTI	83.57	0.9%
Brent	89.01	1.1%
Mexican mix	77.73	0.8%
Gold	2,332.46	0.7%
Copper	453.85	1.2%

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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