

## Financial Markets Daily

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

- **Stock markets higher except for some countries in Europe, while government bond yields and the USD decline. Optimism on the back of the corporate earnings outlook and the US push to broker a deal between Israel and Hamas. On the other hand, the Japanese yen gained sizably, fueling speculation that authorities intervened**
- **No more data today in the US and Mexico. At night, China will release official PMIs for April. Mexico's MoF will undertake its securities auction today as local markets will be closed on Wednesday**
- **Market attention this week on monetary policy with the Fed decision. We do not see a change in the interest rate. The key will be Powell's comments at the presser given his more hawkish tone recently**
- **Moreover, April's nonfarm payrolls report. We estimate 225k new jobs, below the 303k of the previous month. The unemployment rate would have stayed at 3.8%. Recent data has been surprising to the upside, highlighting the economy's resilience**
- **In monetary policy, decisions only in Colombia and Czech Republic. In addition, the minutes from the latest BoJ decision**
- **The rest of US data includes housing prices (Feb), trade balance, factory orders (Mar), consumer confidence, ADP employment, vehicle sales, and ISM manufacturing and services (Apr)**
- **We estimate Mexico's 1Q24 GDP at 0.5% q/q (2.1% y/y). GFI and private consumption (Feb), remittances, banking credit, public finance (Mar), PMIs from IMEF, and Banxico's expectations survey**

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	EZ Consumer confidence* - Apr (F)	index	--	--	-14.7
5:00	EZ Economic confidence* - Apr	index	--	96.7	96.3
8:00	GER Consumer prices - Apr (P)	% y/y	--	2.3	2.2
<b>Mexico</b>					
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Nov'50) and 2-, 5-, and 10-year Bondes F				
<b>China</b>					
21:30	Manufacturing PMI* - Apr	index	--	50.3	50.8
21:30	Non-manufacturing PMI* - Apr	index	--	52.2	53.0
21:30	Composite PMI* - Apr	index	--	--	52.7
21:45	Manufacturing PMI (Caixin)* - Apr	index	--	51.0	51.1

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

April 29, 2024



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### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	5,143.50	0.2%
Euro Stoxx 50	4,997.87	-0.2%
Nikkei 225	37,934.76	0.0%
Shanghai Composite	3,113.04	0.8%
<b>Currencies</b>		
USD/MXN	17.09	-0.4%
EUR/USD	1.07	0.3%
DX	105.65	-0.3%
<b>Commodities</b>		
WTI	83.24	-0.7%
Brent	88.85	-0.7%
Gold	2,333.96	-0.2%
Copper	460.15	0.8%
<b>Sovereign bonds</b>		
10-year Treasury	4.63	-4pb

Source: Bloomberg

## Equities

- Positive bias as investors assess earnings growth. This week, the focus will be on 174 companies of the S&P500 releasing their figures, highlighting Amazon and Apple from the 'Magnificent 7'. In the US, futures anticipate a bullish opening with the Nasdaq up 0.3%. We highlight Tesla (+11.5%) after receiving an approval from Chinese authorities to implement its driver assistance system. Meanwhile, Europe trades mixed, with the Eurostoxx down 0.2%. Asia closed with gains
- In Mexico, the earnings season ended on Friday with marginal variations, in line with expectations. In the sample we follow, revenues increased 0.8% (vs -1.5%e) and EBITDA declined 0.8% (-4.2%e). We expect a weekly trading range for the Mexbol index between 56,600 and 58,800pts

## Sovereign fixed income, currencies and commodities

- Ten-year European rates decline 4bps on average, with the Treasuries curve flattening with gains of up to 4bps at the long-end. Last week, Mbonos averaged losses of 16bps, with the belly as the most affected (+23bps). Given a worse performance in local rates vs Treasuries, the local risk premium rose to 533bps from 520bps a week ago
- Dollar down against all G10 with JPY (+1.2%) amid speculation that the Japanese government intervened. In EM, the bias is mixed. Meanwhile, MXN trades at 17.09 per dollar (+0.4%), after three negative weeks in a row
- Crude-oil futures lower amid focus on US efforts to broker a peace deal between Israel and Hamas against signs of short-term tightness in the market

## Corporate Debt

- This week we expect two development bank bonds from Banobras, including a sustainable bond, for an amount of MXN 7.5 billion (max. MXN 10 billion). It is important to mention that Banobras has an explicit sovereign guarantee from the Federal Government. As a result, this is why it is rated 'AAA' in national scale by S&P Global and Moody's local
- S&P Global Ratings upgraded the rating of LEAFUCB 21 (ABS of Lease For You) to 'mxAA+ (sf)' from 'mxAA (sf)'. According to the agency, the upgrade reflects its opinion regarding the improvement in Lease for You's (Primary Manager) operational capabilities and the performance observed in the underlying portfolio

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	38,239.66	0.4%
S&P 500	5,099.96	1.0%
Nasdaq	15,927.90	2.0%
IPC	57,833.85	1.3%
Ibovespa	126,526.27	1.5%
Euro Stoxx 50	5,006.85	1.4%
FTSE 100	8,139.83	0.8%
CAC 40	8,088.24	0.9%
DAX	18,161.01	1.4%
Nikkei 225	37,934.76	0.8%
Hang Seng	17,651.15	2.1%
Shanghai Composite	3,088.64	1.2%
<b>Sovereign bonds</b>		
2-year Treasuries	4.99	0pb
10-year Treasuries	4.66	-4pb
28-day Cetes	11.02	-2pb
28-day TIIE	11.25	0pb
2-year Mbono	10.79	-3pb
10-year Mbono	10.02	3pb
<b>Currencies</b>		
USD/MXN	17.16	-0.2%
EUR/USD	1.07	-0.3%
GBP/USD	1.25	-0.2%
DX	105.94	0.3%
<b>Commodities</b>		
WTI	83.85	0.3%
Brent	89.50	0.6%
Mexican mix	77.81	0.1%
Gold	2,337.96	0.2%
Copper	457.40	0.8%

Source: Bloomberg

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