

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed –with futures positive in the US–, government bond yields negative, and the USD lower, with investors processing the Fed's decision yesterday which seems to have shown a less hawkish tone than expected. Attention now will turn to corporate earnings and the employment report tomorrow for said country
- Markets are speculating about a new intervention in Japan to support the yen. According to figures from the BoJ, the government probably spent close to US\$23 billion. Nevertheless, the result seems to have been less effective than in the previous occasion, with the currency at around 155 per dollar
- On economic data, April's manufacturing PMI in Germany was revised marginally higher to 42.5pts, helping push the reading for the Eurozone to 45.7pts. Later we expect this same indicator for Brazil. In the US, weekly jobless claims were quite stable at 208k, awaiting later today March's factory and durable goods orders report. In Mexico we will be looking into March's remittances, along April's central bank survey and IMEF PMIs
- The OECD revised its global growth forecast for 2024 to 3.2% from 2.9%. For Mexico they anticipate a 2.2% expansion
- The UK will hold local elections today, with uncertainty if the Conservative party from PM Rishi Sunak could suffer relevant losses. Results are expected on Friday morning. On the geopolitical front, President Biden characterized China and Russia as xenophobic in a campaign event in Washington, although also adding Japan to that list. At the moment there hasn't been a response Japan

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Trade balance* - Mar	US\$bn	--	-69.2	-68.9
8:30	Initial jobless claims* - Apr 27	thousands	210	212	207
10:00	Factory orders* - Mar	% m/m	--	1.6	1.4
10:00	Ex transportation* - Mar	% m/m	--	--	1.1
10:00	Durable goods orders* - Mar (F)	% m/m	--	2.6	2.6
10:00	Ex transportation* - Mar (F)	% m/m	--	--	0.2
Mexico					
11:00	Family remittances - Mar	US\$bn	5,354.7	5,300.0	4,510.1
11:00	Survey of expectations (Banxico)				
14:00	PMI manufacturing (IMEF)* - Apr	index	52.7	--	54.5
14:00	PMI non-manufacturing (IMEF)* - Apr	index	51.3	--	52.1

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

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Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research
and Market Strategy
juan.alderete.macal@banorte.com



Alejandro Cervantes Llamas
Executive Director of Quantitative
Analysis
alejandro.cervantes@banorte.com



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



www.banorte.com/analisiseconomico
@analisis_fundam

Winners of the awards as the best economic
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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,079.25	0.6%
Euro Stoxx 50	4,907.34	-0.3%
Nikkei 225	38,236.07	-0.1%
Shanghai Composite	3,104.82	0.0%
Currencies		
USD/MXN	16.92	-0.4%
EUR/USD	1.07	0.0%
DXY	105.69	-0.1%
Commodities		
WTI	79.67	0.8%
Brent	84.21	0.9%
Gold	2,302.29	-0.7%
Copper	449.60	-1.1%
Sovereign bonds		
10-year Treasury	4.61	-2pb

Source: Bloomberg

Equities

- Stock markets with a positive bias as some corporate reports continue to offer a favorable outlook. Qualcomm rises in pre-market trading (+5.3%) after indicating solid revenue guidance for the current quarter. The news pulls other tech stocks (NVDA +1.8%, INTC +1.5%, AMD +1.1%)
- US futures anticipate a positive opening with the S&P500 trading 0.7% above its theoretical value and the Nasdaq at 0.8%. Europe trades with mixed performances and the Eurostoxx declines. Shares of companies in the energy and technology sectors led losses. Asia closed mixed
- Of the 58 S&P500 companies releasing their results today, 34 have published their figures, most of them better than expected, with Southern and Linde standing out. After the market close, attention will be on Apple

Sovereign fixed income, currencies and commodities

- Sovereign bonds rally excluding light pressures in Japanese rates in the midst of speculation about JPY intervention. Europe gains 6bps on average and the US Treasuries 2-4bps with the market still digesting the Fed and pricing in the first full 25bps rate cut in November
- The USD weakens with EM outperforming G10. In the former Asian currencies lead the appreciation and MXN strengthens 0.4% to 16.92. In the latter, NOK stands as the strongest (+0.4%) with the possibility of a new intervention in JPY (-0.2%) with no official confirmation
- Crude oil gains ~1% after falling yesterday 3.5% and reaching its lowest level since mid-March, following a jump in US inventories as well as lower geopolitical premia. Metals trade broadly down

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,903.29	0.2%
S&P 500	5,018.39	-0.3%
Nasdaq	15,605.48	-0.3%
IPC	56,727.98	0.0%
Ibovespa	125,924.19	0.0%
Euro Stoxx 50	4,921.22	0.0%
FTSE 100	8,121.24	-0.3%
CAC 40	7,984.93	0.0%
DAX	17,932.17	0.0%
Nikkei 225	38,274.05	-0.3%
Hang Seng	17,763.03	0.0%
Shanghai Composite	3,104.82	0.0%
Sovereign bonds		
2-year Treasuries	4.96	-7pb
10-year Treasuries	4.63	-5pb
28-day Cetes	10.96	0pb
28-day TIIE	11.24	0pb
2-year Mbono	10.82	1pb
10-year Mbono	9.99	1pb
Currencies		
USD/MXN	17.00	-0.8%
EUR/USD	1.07	0.4%
GBP/USD	1.25	0.3%
DX	105.76	-0.4%
Commodities		
WTI	79.00	-3.6%
Brent	83.44	-5.0%
Mexican mix	76.25	0.0%
Gold	2,319.56	1.5%
Copper	454.60	-0.4%

Source: Bloomberg

Corporate Debt

- HR Ratings affirmed PEMEX's rating at 'HR AAA' with Stable outlook, based on the action on Mexico's sovereign rating, due to the de facto sovereign status that the agency considers PEMEX maintains due to the support shown by the Federal Government
- Fitch Ratings upgraded CEMEX's local scale ratings to 'AA+(mex)' from 'AA(mex)' and its international rating (IDR) to 'BBB-' from 'BB+'. The outlook is Stable. The upgrade reflects the strengthening of CEMEX's credit profile as a result of a sustainable improvement in operating cash flow generation

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Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernández
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2144



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 1103 - 4000



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000