

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets up, with government bond yields and USD lower after April's nonfarm payrolls in the US which surprised to the downside at 175 thousand jobs. The unemployment rate increased by 10bps to 3.9% and average hourly earnings picked up less than anticipated**
- **US releases include only April's PMI services. Goolsbee and Williams from the Fed will talk during the trading session**
- **Russia's president Vladimir Putin plans to visit Chinese leader Xi Jinping just a few weeks after its inauguration for a new six-year mandate. This stresses the growing importance of the relationship between the two countries**
- **ECB Chief Economist Philip Lane stated that the institution will not commit to a specific path for interest rates, arguing that their meeting-by-meeting strategy is adequate due to high uncertainty**
- **Yesterday, Argentina cut the interest rate for a third time in the same number of weeks from 60% to 50%. According to the statement, the decision is supported by a strong moderation in prices pressures in recent months**
- **Mexico's GFI picked up 0.7% m/m after contracting 0.2% previously. Construction fell 1.3% but machinery and equipment were stronger as they grew 2.6%. On the other hand, private consumption gained 0.6% m/m, driven by the imported component**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Industrial production - Mar	% y/y	--	-2.6	5.0
8:00	Industrial production* - Mar	% m/m	--	1.1	-0.3
Mexico					
8:00	Gross fixed investment - Feb	% y/y	11.3	12.1	15.3
8:00	Gross fixed investment* - Feb	% m/m	-0.2	-0.1	0.1
8:00	Private consumption - Feb	% y/y	6.2	5.9	2.9
8:00	Private consumption* - Feb	% m/m	1.0	--	-0.7
United States					
8:30	Nonfarm payrolls* - Apr	thousands	225	250	303
8:30	Unemployment rate* - Apr	%	3.8	3.8	3.8
9:45	Services PMI* - Apr (F)	index	50.9	50.9	50.9
9:45	Composite PMI* - Apr (F)	index	50.9	--	50.9
10:00	ISM services* - Apr	index	51.6	52.0	51.4
19:45	Fed's Goolsbee Participates in Panel Discussion				

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

May 3, 2024



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/analiseconomico
@analisis_fundam

Winners of the awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023



Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,147.00	1.1%
Euro Stoxx 50	4,912.81	0.5%
Nikkei 225	38,236.07	0.0%
Shanghai Composite	3,104.82	0.0%
Currencies		
USD/MXN	16.94	-0.2%
EUR/USD	1.07	0.2%
DXY	105.18	-0.1%
Commodities		
WTI	79.31	0.5%
Brent	84.12	0.5%
Gold	2,298.39	-0.2%
Copper	453.80	1.0%
Sovereign bonds		
10-year Treasury	4.55	-3pb

Source: Bloomberg

Equities

- Widespread gains on major stock indexes after digesting the US labor market figures. Japan and China remain closed for Holiday
- Futures anticipate a positive open, with the S&P500 trading 1.1% above its theoretical value, after investors applauded Apple's report yesterday afternoon. This boosted optimism on earnings power of big tech companies after posting stronger than expected sales while predicting a return to growth in next earnings' release. The company also announced the biggest stock buyback in US history (US\$110 billion)
- With ~78% of the reports of companies in the S&P500 a 4.6% growth in profits vs 3.9%e has been achieved. The positive surprise rate stands at 79.0%. CBRE Group, Equinix, Cboe Global Markets, Hershey and Trimble report today

Sovereign fixed income, currencies and commodities

- Rates strengthen sharply following the US jobs data, with all the USTs curve rallying by 10bps, on average. Also, the market has repriced rate cut probabilities for the Fed, moving forward the first 25bps cut to September from November, and a 50bps accumulated cut for 2024. Yesterday, local rates rallied strongly, registering gains of ~20bps for Mbonos and ~10bps for Udibonos
- The USD weakens against all G10 currencies and most of EM ones. In the latter, the MXN gains 0.8% to 16.85 per dollar
- Crude oil pairs 4 negative sessions, yet it heads for its strongest weekly fall since February with WTI adjusting -5% w/w, greatly as a result of lower geopolitical premia associated to the Middle East. Also, this week observed an increase in US inventories. Metals hold a negative balance amid narrow ranges

Corporate Debt

- Fitch Ratings affirmed Grupo Industrial Saltillo's (GISSA) rating at 'AA(mex)' and revised the outlook to Negative from Stable. The outlook revision reflects the expectation for the next 12-18 months of lower free cash flow and higher-than-expected gross leverage, which impacts the company's financial profile
- Fitch Ratings affirmed Fibra Danhos' rating at 'AAA(mex)'. The outlook is Stable. The ratings are based on Danhos' involvement in different sectors of the Mexican real estate market, its growth strategy through property development, the solid asset quality of its current portfolio and a high capacity to generate rental income

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,225.66	0.9%
S&P 500	5,064.20	0.9%
Nasdaq	15,840.96	1.5%
IPC	56,677.05	-0.1%
Ibovespa	127,122.25	1.0%
Euro Stoxx 50	4,890.61	-0.6%
FTSE 100	8,172.15	0.6%
CAC 40	7,914.65	-0.9%
DAX	17,896.50	-0.2%
Nikkei 225	38,236.07	-0.1%
Hang Seng	18,207.13	2.5%
Shanghai Composite	3,104.82	0.0%
Sovereign bonds		
2-year Treasuries	4.87	-9pb
10-year Treasuries	4.58	-5pb
28-day Cetes	10.95	-1pb
28-day TIIE	11.24	0pb
2-year Mbono	10.64	-17pb
10-year Mbono	9.79	-20pb
Currencies		
USD/MXN	16.98	-0.1%
EUR/USD	1.07	0.1%
GBP/USD	1.25	0.1%
DXY	105.30	-0.4%
Commodities		
WTI	78.95	-0.1%
Brent	83.67	0.3%
Mexican mix	74.80	-1.9%
Gold	2,303.83	-0.7%
Copper	448.45	-1.4%

Source: Bloomberg

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

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 Hernández, 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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
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.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.



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