Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

May 6, 2024

Main drivers for the financial markets today...

- **Stock markets up, government bond yields and USD lower (except against the JPY). Investors are growing more confident that the Fed will be able to cut interest rates this year, albeit with lower volumes as markets in the UK, Korea, and Japan are closed for local holidays**

- **No more data today in the US and Mexico. Investors will evaluate the comments from Williams and Barkin of the Fed, along with the Senior Loan Officers Opinion Survey on Bank Lending Practices**

- **Market attention this week beyond the US. We highlight the monetary policy decisions from the BoE and Banxico, both with unchanged reference rates. In the latter, we believe a cautious and data-dependent stance will be reaffirmed**

- **On the other hand, announcements also in Australia, Sweden, Brazil, Poland, Malaysia, and Peru, along with the minutes in Colombia. Moreover, watching Fed members' comments after the latest decision and nonfarm payrolls, as well as from the ECB**

- **In relevant events, we only highlight the visit of Chinese Premier XI Jinping to several European countries, along with Panama's presidential election**

- **The rest of US data is relatively scarce, with consumer credit (Mar) and @UMich confidence (May). In other regions, we highlight 1Q4 GDP and industrial production (Mar) in the UK; trade balance and inflation (Apr) in China; and retail sales (Mar) in the Eurozone**

- **Lastly, Mexico's inflation in April. Moreover, industrial production (Mar), wage negotiations, consumer confidence (Apr), and the banking sector survey**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
	European Commission economic growth forecasts				
3:55	GER Services PMI* - Apr (F)	index	--	53.3	53.3
3:55	GER Composite PMI* - Apr (F)	index	--	50.5	50.5
4:00	EZ Services PMI* - Apr (F)	index	--	52.9	52.9
4:00	EZ Composite PMI* - Apr (F)	index	--	51.4	51.4
United States					
12:50	Fed's Barkin Speaks on Economic Outlook at the Milken Institute Global Conference				
13:00	Fed's Williams Participates in Fireside Chat				
14:00	Senior Loan Officer Survey on Bank Lending Practices				

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


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 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

Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,176.00	0.4%
Euro Stoxx 50	4,965.22	0.9%
Nikkei 225	38,236.07	0.0%
Shanghai Composite	3,140.72	1.2%
Currencies		
USD/MXN	16.93	-0.3%
EUR/USD	1.08	0.3%
DXY	104.92	-0.1%
Commodities		
WTI	78.76	0.8%
Brent	83.55	0.7%
Gold	2,328.43	1.2%
Copper	463.50	1.3%
Sovereign bonds		
10-year Treasury	4.47	-3pb

Source: Bloomberg

Equities

- **Positive movements as the focus remains on corporate reports, which have had a favorable balance. No operations in Japan, South Korea, and the United Kingdom due to public holidays. Berkshire Hathaway (+1.0% on pre-market) reported last Saturday, beating estimates. This week's figures are expected from 56 S&P500 companies (today 11), highlighting: Duke Energy, Emerson Electric, Simon Property Group, and Walt Disney**

- **Asian markets closed positive. In Europe, the Eurostoxx adds 0.9%. Shares from energy and financial sectors lead. In turn, US futures of main indices point to a positive opening as they rise 0.4% on average**

- **In Mexico, we expect a trading range for the Mexbol index this week between 56,000 and 58,000pts**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. 10-year European rates decline 4bps on average, and the Treasuries' yield curve adjusts up to -4bps at the belly. Last week, Mbonos averaged gains of ~40bps. The better performance in local rates vs Treasuries resulted in a compression in the local risk premium to 505bps from 533bps a week ago**

- **Dollar slightly negative amid gains in most G10 and EM currencies. In the latter, the MXN trades at 16.93 per dollar (+0.3%), extending last week's 1.1% gain We expect a weekly trading range between 16.70 and 17.25 per dollar**

- **Crude-oil futures jump as Saudi Arabia's price increases for Asia signaled confidence in the outlook, while Middle East tensions return to the spotlight. Widespread gains in metals, with nickel rallying 3.2%**

Corporate Debt

- **This week we expect auction activity to continue in the banking market, with three scheduled bonds from HSBC Mexico for MXN 8.0 billion. On the corporate side, we anticipate more dynamism in the following weeks**

- **HR Ratings affirmed the rating of Grupo Carso's proposed issues, GCARSO 24 / 24-2, at 'HR AAA' with a Stable outlook. The ratification considers updated information as of 1Q24, where a 2.1% decrease in total debt balance and a 14.0% decline in net debt were observed**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,675.68	1.2%
S&P 500	5,127.79	1.3%
Nasdaq	16,156.33	2.0%
IPC	57,135.26	0.8%
Ibovespa	128,508.67	1.1%
Euro Stoxx 50	4,921.48	0.6%
FTSE 100	8,213.49	0.5%
CAC 40	7,957.57	0.5%
DAX	18,001.60	0.6%
Nikkei 225	38,236.07	0.0%
Hang Seng	18,475.92	1.5%
Shanghai Composite	3,104.82	0.0%
Sovereign bonds		
2-year Treasuries	4.82	-6pb
10-year Treasuries	4.51	-7pb
28-day Cetes	11.05	10pb
28-day TIIE	11.24	0pb
2-year Mbono	10.49	-15pb
10-year Mbono	9.60	-20pb
Currencies		
USD/MXN	16.97	-0.1%
EUR/USD	1.08	0.3%
GBP/USD	1.25	0.1%
DXY	105.03	-0.3%
Commodities		
WTI	78.11	-1.1%
Brent	82.96	-0.8%
Mexican mix	74.01	-1.1%
Gold	2,301.74	-0.1%
Copper	455.70	1.6%

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.

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.

Directory
Research and Strategy

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

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

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

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

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

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

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

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

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

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

Market Strategy

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

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

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

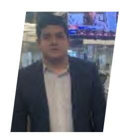
José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249

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

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

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

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



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

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

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

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

Quantitative Analysis

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

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

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

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

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

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

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

BANORTE