

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed with positive bias in Europe. Government bond yields up and USD with gains. Investors wait for new drivers as they assimilate the narrative of rates holding high for a longer period in the US, also with focus centered in the final stretch of the corporate earnings season
- On the monetary policy front, Sweden's central bank cut its interest rate by 25bps to 3.75%, in line with expectations and its first reduction in 8 years, while governor Ueda from the Bank of Japan intensified its comments around yen weakness, yet with currency gaining few reaction. The agenda of the Fed speakers includes the participation of Jefferson, Collins and Cook looking greater signals about the central bank's stance
- Later, the BCB (Central Bank of Brazil) will announce its monetary policy decision, where we expect a slowdown in the -50bp pace that they had, with a first cut of 25bp in this meeting amid several risk factors, in the local and external environment
- Regarding economic figures, in Brazil retail sales for March were published standing at 0.0% m/m, while the annual metric was above estimates at 5.7%. Later in the day, China will release the trade balance for April

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Industrial production* - Mar	% m/m	--	-0.9	2.1
Brazil					
8:00	Retail sales - Mar	% y/y	--	5.1	8.2
8:00	Retail sales* - Mar	% m/m	--	-0.4	1.0
17:30	Monetary policy decision (C. bank of Brazil)	%	10.50	10.50	10.75
United States					
13:30	Fed's Cook Speaks on Financial Stability				
China					
23:00	Trade balance - Apr	USDbn	--	81.4	58.5
23:00	Exports - Apr	% y/y	--	1.5	-7.5
23:00	Imports - Apr	% y/y	--	4.0	-1.9

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

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



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,193.00	-0.4%
Euro Stoxx 50	5,024.95	0.2%
Nikkei 225	38,202.37	-1.6%
Shanghai Composite	3,128.48	-0.6%
Currencies		
USD/MXN	16.97	0.4%
EUR/USD	1.07	-0.1%
DXY	105.58	0.2%
Commodities		
WTI	77.43	-1.2%
Brent	82.18	-1.2%
Gold	2,314.46	0.0%
Copper	452.80	-1.7%
Sovereign bonds		
10-year Treasury	4.49	4pb

Source: Bloomberg

Equities

- Mixed movements as investors digest the flow of corporate information with a negative connotation. Out of the 11 S&P500 companies scheduled to report today, 5 have released their results, most of them below estimates, including Emerson Electric and Uber Technologies
- In Asia most markets closed negative. It highlighted that Toyota anticipates a ~28% drop this year in net income. On the other hand, in Europe gains predominate, the Eurostoxx adds 0.2%. Results from Anheuser-Busch InBev and Siemens Energy exceeded expectations, while BMW reported below forecasts. In turn, in the US the futures of main indices point to a negative opening by falling 0.3% on average
- In Mexico, Oma passengers accelerated y/y decline in April affected by NEO aircraft outage and adverse calendar effect

Sovereign fixed income, currencies and commodities

- European rates under pressure by 4bps while Treasuries record losses of 1-3bps with a steepening bias, with today's session including the reopening of the 10-year note. Yesterday, the Mbonos curve averaged a 2bps sell-off, while Udibonos appreciated by 3bps
- The dollar remains strong, with all G10 currencies on the downside. JPY (-0.6%) leads the losses despite the BoJ's Ueda intensifying the tone regarding the currency's weakness. The bias in EM also leans towards general depreciation, with MXN trading at 16.97 (-0.4%)
- Oil fell to its lowest level since mid-March ahead of the DOE inventory report today, with API estimating a slight buildup in both oil and gasoline. Precious metals outperform, while copper halts a two-session gain

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,884.26	0.1%
S&P 500	5,187.70	0.1%
Nasdaq	16,332.56	-0.1%
IPC	57,108.32	-0.3%
Ibovespa	129,210.48	0.6%
Euro Stoxx 50	5,016.10	1.2%
FTSE 100	8,313.67	1.2%
CAC 40	8,075.68	1.0%
DAX	18,430.05	1.4%
Nikkei 225	38,835.10	1.6%
Hang Seng	18,479.37	-0.5%
Shanghai Composite	3,147.74	0.2%
Sovereign bonds		
2-year Treasuries	4.83	0pb
10-year Treasuries	4.46	-3pb
28-day Cetes	11.03	-1pb
28-day TIIE	11.24	0pb
2-year Mbono	10.54	4pb
10-year Mbono	9.62	2pb
Currencies		
USD/MXN	16.90	0.1%
EUR/USD	1.08	-0.1%
GBP/USD	1.25	-0.4%
DX	105.41	0.3%
Commodities		
WTI	78.38	-0.1%
Brent	83.16	-0.2%
Mexican mix	74.18	-0.2%
Gold	2,314.10	-0.4%
Copper	460.55	-0.2%

Source: Bloomberg

Corporate Debt

- Fitch Ratings upgraded Banca Mifel's rating to 'A+(mex)' from 'A(mex)'. The upgrade reflects Mifel's strengthened financial profile over the past two years, characterized by achieving a common equity tier 1 (CET1) to risk-weighted assets (RWA) ratio above 15%
- Fitch Ratings affirmed Banco Ve por Más' international rating at 'BB-' and its national rating at 'A(mex)'. The outlook was revised to Positive from Stable. The Positive outlook considers Fitch's expectation that BBX+ will maintain the improving trend in its financial profile over its rating horizon

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