Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets and government bond yields mixed, with S&P 500 futures up and USD down, as trade tensions among US and China continue. Investors keep worried about the impact of the commercial war on corporate earnings, economic growth and inflation. Attention on the start of the 1Q25 earnings season in the US**

- **President Trump and congressional leaders successfully passed a Senate-passed budget outline in the House. The budget outlines a plan to cut taxes by up to $5.3 trillion over a decade and raise the debt ceiling by $5 trillion, in exchange for $4 billion in spending cuts**

- **Regarding economic figures, producer prices for March in the US were released at -0.4% m/m (consensus +0.2%), bringing the annual change from 3.2% to 2.7%. Meanwhile, the core component stood at -0.1% m/m, with the annual change at 3.3% (previous 3.5%). The report adds to the consumer price figures released yesterday, which show deflation. Preliminary figures on consumer sentiment from the University of Michigan for April will be released later**

- **In Mexico, INEGI published February's industrial production at +2.5% m/m (-1.3% y/y). Strength centered in manufacturing (+2.9%) and construction (+2.8%%), with mining more modest (+0.8%)**

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Germany and UK					
2:00	GER Consumer prices - Mar (F)	% m/m	--	2.2	2.2
2:00	UK Industrial production* - Feb	% m/m	--	0.1	-0.9
Brazil					
8:00	Consumer prices - Mar	% m/m	--	0.54	1.31
8:00	Consumer prices - Mar	% y/y	--	5.45	5.06
8:00	Economic activity - Feb	% y/y	--	3.2	3.6
8:00	Economic activity* - Feb	% m/m	--	0.2	0.9
Mexico					
8:00	Industrial production - Feb	% y/y	-4.5	-3.8	-2.9
8:00	Industrial production* - Feb	% m/m	-0.1	-0.1	-0.4
8:00	Manufacturing output - Feb	% y/y	-3.8	--	-0.9
United States					
8:30	Producer prices* - Mar	% m/m	--	0.2	0.0
8:30	Ex. food & energy* - Mar	% m/m	--	0.3	-0.1
10:00	U. of Michigan confidence* - Apr (P)	index	53.0	54.0	57.0
10:00	Fed's Musalem Speaks on US Economy and Monetary Policy				
11:00	Fed's Williams Speaks on Outlook, Monetary Policy				

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,321.50	0.4%
Euro Stoxx 50	4,774.22	-0.9%
Nikkei 225	33,585.58	-3.0%
Shanghai Composite	3,238.23	0.5%
Currencies		
USD/MXN	20.42	-0.3%
EUR/USD	1.13	1.3%
DXY	99.84	-1.0%
Commodities		
WTI	59.93	-0.2%
Brent	63.34	0.0%
Gold	3,212.87	1.2%
Copper	444.60	2.5%
Sovereign bonds		
10-year Treasury	4.40	-2pb

Source: Bloomberg

Equities

- **The main stock indexes showed mixed movements at the end of a week marked by high volatility and uncertainty regarding the trade war**

- **In the US, futures anticipate a positive opening, with the S&P500 trading 0.4% above its theoretical value. Investors' attention is focused on the start of the corporate reporting season, with major banks showing mixed results: JP Morgan and Morgan Stanley with positive figures, BlackRock and Wells Fargo with mixed results, and Bank of New York Mellon in line with expectations**

- **The Bloomberg analyst consensus expects S&P500 earnings growth of 6.7% vs. 13.5% in 4Q24. Attention is focused on possible signs of slowdown under the tariff context**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. The Treasuries' curve marks a steepening bias due to gains of 2bps at the short-end and losses of the same magnitude at the long-end. In Europe, 10-year rates decline by 5bps on average. Yesterday, Mbonos recorded losses of up to 14bps in those of longer duration. The 10-year benchmark closed at 9.49% (+13bps)**

- **The USD weakens against all G10 currencies, with NOK (+1.7%) being the strongest. In emerging markets, the bias is positive led by Asian currencies. Meanwhile, the Mexican peso is trading at 20.32 per dollar with an appreciation of 0.8%, outlining a weekly gain of 0.6%**

- **Crude-oil prices are on track for a second weekly decline, following days of high volatility as the world's two largest economies escalated a trade war**

Corporate Debt

- **HR Ratings upgraded Grupo Lala's rating to 'HR AA+' from 'HR AA' and maintained its Stable outlook. The upgrade is based on the improvement observed during 2024 in DSCR and Payout Years metrics over the previous period, due to the growth in Free Cash Flow**

- **Fitch Ratings affirmed Fibra Storage's 'AA-(mex)' rating with a Stable outlook based on its self-storage focused property portfolio, growth strategy and expectation of a conservative financial profile in the medium-term**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,593.66	-2.5%
S&P 500	5,268.05	-3.5%
Nasdaq	16,387.31	-4.3%
IPC	51,514.82	-1.9%
Ibovespa	126,354.75	-1.1%
Euro Stoxx 50	4,818.92	4.3%
FTSE 100	7,913.25	3.0%
CAC 40	7,126.02	3.8%
DAX	20,562.73	4.5%
Nikkei 225	34,609.00	9.1%
Hang Seng	20,681.78	2.1%
Shanghai Composite	3,223.64	1.2%
Sovereign bonds		
2-year Treasuries	3.86	-5pb
10-year Treasuries	4.42	9pb
28-day Cetes	8.89	10pb
28-day TIIE	9.26	0pb
2-year Mbono	8.38	4pb
10-year Mbono	9.50	12pb
Currencies		
USD/MXN	20.47	1.1%
EUR/USD	1.12	2.3%
GBP/USD	1.30	1.2%
DXY	100.87	-2.0%
Commodities		
WTI	60.07	-3.7%
Brent	63.33	-3.3%
Mexican mix	57.04	-2.6%
Gold	3,176.23	3.0%
Copper	433.65	3.4%

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, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, 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, Ana Laura Zaragoza Félix, 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.

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	Reference
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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.

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