

Financial Markets Daily

April 10, 2023

Main drivers for the financial markets today...



- **Stock markets showing small changes, government bond yields positive, and the USD stable, with little trading volumes due to the holiday. Investors keep evaluating future Fed actions after Friday's employment report and with some mixed corporate news**
- **Markets closed through most of Europe due to Easter Monday. Regarding the economic agenda, attention in the US to consumer credit and China's inflation (mar) tonight. Decision from the Bank of Korea, expecting the rate unchanged at 3.50%. IMF and World Bank spring meetings begin today in Washington D.C., expecting the release of the World Economic Outlook (WEO) on Tuesday**
- **In the remainder of the week attention will remain on economic data and the start of the corporate earnings season. We highlight the release of CPI and retail sales in the US (mar) as well as results from the main financial institutions on Friday. Regarding monetary policy, we note minutes from the Fed –as well as comments from several Fed speakers– and Banxico. We will also have decisions in Canada and Peru, not expecting rate changes in either one**
- **We highlight the visit from President Joe Biden to Ireland in the 25th anniversary of the 'Good Friday' agreement. France's Constitutional Council will review the pension reform introduced by Emmanuel Macron. On Wednesday the meeting of G-20 finance ministers and central bankers begins**
- **The US data agenda also includes industrial production, producer prices (Mar), and the University of Michigan's consumer sentiment (Apr). In other regions we highlight China's trade balance (Mar), retail sales in the Eurozone (Feb) and CPI in Brazil (Mar). In Mexico we highlight industrial production (Feb), ANTAD sales, wage negotiations, and auto sector data (Mar)**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
15:00	Consumer credit* - Feb	USDbn	--	18.0	14.8
<i>China</i>					
21:00	Consumer prices - Mar	% y/y	--	--	1.0
<i>South Korea</i>					
	Monetary policy decision (C. bank of S. Korea)	%	--	--	3.50

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

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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,111.50	-0.5%
Euro Stoxx 50	4,309.45	0.0%
Nikkei 225	27,633.66	0.4%
Shanghai Composite	3,315.36	-0.4%
<i>Currencies</i>		
USD/MXN	18.14	0.0%
EUR/USD	1.09	-0.4%
DXY	102.51	0.4%
<i>Commodities</i>		
WTI	80.66	0.0%
Brent	85.03	-0.1%
Gold	1,999.88	-0.4%
Copper	398.60	-0.7%
<i>Sovereign bonds</i>		
10-year Treasury	3.35	-4pb

Source: Bloomberg

Equities

- The week kicks off with mixed performances in equity markets, with investors weighing the start of 1Q23 earnings season and the outlook for economic growth. Meanwhile, trading volumes remain low, with markets in Europe, Hong Kong, and Australia closed for Easter Monday
- With this, US futures anticipate a lower opening, with the S&P500 trading -0.5%, slightly below its theoretical value and the Nasdaq -0.8%. In Asia, the Nikkei advanced 0.4% led by the consumer discretionary sector. Finally, in Mexico, the Mexbol Index could hover around 53,800pts
- On the corporate front, eleven S&P500 companies will release their results this week, with figures from BlackRock, Citigroup, JP Morgan, and Wells Fargo on Friday

Sovereign fixed income, currencies and commodities

- Treasuries advance 4bps, on average, and the 2-year benchmark trades at 3.94%. In addition, European market will be closed today. Locally, Mbonos' curve recorded a flattening bias during the short week as a result of 12bps rally at the long-end and few changes at the short-end
- Dollar began the week with gains amid widespread losses in developed currencies where JPY (-0.8%) is the weakest. In EM, the bias is also negative except for IDR (+0.1%). Moreover, MXN trades at 18.14 per dollar (0.0%), after a 0.5% weekly depreciation
- Crude-oil prices steady near to 80 \$/bbl, after a 7% rally driven by the OPEC and allies' unexpected output cut. This week, market attention will be on the OPEC and IEA monthly reports

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,485.29	0.0%
S&P 500	4,105.02	0.0%
Nasdaq	12,087.96	0.0%
IPC	53,498.39	0.0%
Ibovespa	100,821.73	0.0%
Euro Stoxx 50	4,309.45	0.0%
FTSE 100	7,741.56	0.0%
CAC 40	7,324.75	0.0%
DAX	15,597.89	0.0%
Nikkei 225	27,518.31	0.2%
Hang Seng	20,331.20	0.0%
Shanghai Composite	3,327.65	0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	3.98	15pb
10-year Treasuries	3.39	9pb
28-day Cetes	11.22	0pb
28-day TIE	11.52	0pb
2-year Mbono	10.34	0pb
10-year Mbono	8.84	0pb
<i>Currencies</i>		
USD/MXN	18.14	-0.6%
EUR/USD	1.09	-0.2%
GBP/USD	1.24	-0.2%
DX	102.09	0.3%
<i>Commodities</i>		
WTI	80.70	0.0%
Brent	85.12	0.0%
Mexican mix	71.87	0.0%
Gold	2,007.91	0.0%
Copper	401.55	0.0%

Source: Bloomberg

Corporate Debt

- CIBanco (Trustee) informed GICSA's intention to carry out a partial early payment of its issuances on April 14, 2023. GICSA 15 series will be amortized for MXN 12.87 million; GICSA 17 for MXN 21.22 million; and GICSA 19 for MXN 61.94 million. GICSA 15 / 17 / 19 issuances have an outstanding amount of MXN 4.03 billion and their maturities scheduled for 2027, 2028, and 2027, respectively. The issuer and the bonds are rated at 'mxB' by S&P Global
- Fitch Ratings downgraded ION Financiera's rating to 'BBB- (mex)' from 'BBB (mex)'. The Rating Outlook was revised to Stable from Negative. According to the agency, the rating downgrade is based on sustained losses recorded in the last three years despite the entity's strategic changes. This resulted in high operating expenses not yet offset by current revenue generation

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Andrea Muñoz Sánchez, 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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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