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Banorte Research and Strategy

Financial Markets Daily

April 14, 2023

Main drivers for the financial markets today…

- **Stock markets higher, with government bond yields positive and the USD with small changes, with the end of the restrictive monetary cycle apparently being close and with attention at the start of the 1Q23 corporate earnings season in the US. In the latter attention will center in the main banks, looking for clues about the health of the financial sector and the probability of a recession**

- **In the monetary front, attention to comments from Goolsbee (Chicago) and Waller (Fed Governor), as well as participations from several policy makers in the IMF /WB meetings. Meanwhile, PBoC Governor, Yi Gang, mentioned that they expect China to grow around 5% this year**

- **In the US, retail sales fell 1.0% m/m -surprising to the downside-, with the control group also lower at -0.3%. Later in that country we expect industrial production and consumer sentiment from the University of Michigan**

- **In other news, France's Constitutional Council will rule today on the pension reform introduced by President Emmanuel Macron, which has set a wave of protests across the country**

- **G-7 Finance Ministers doubled-down on the need to maintain resilient supply chains to better face risks such as wars and pandemics. Nevertheless, other organizations such as the IMF warn against a possible fragmentation of the global economy**

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Advance retail sales* - Mar	% m/m	0.1	-0.4	-0.4
8:30	Ex autos & gas* - Mar	% m/m	--	-0.4	-0.1
8:30	Control group* - Mar	% m/m	0.0	-0.5	0.5
9:15	Industrial production* - Mar	% m/m	--	0.2	0.0
9:15	Manufacturing production* - Mar	% m/m	0.1	-0.1	0.1
10:00	U. of Michigan Confidence* - Apr (P)	index	61.0	62.2	62.0

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	4,171.75	0.0%
Euro Stoxx 50	4,384.75	0.5%
Nikkei 225	28,493.47	1.2%
Shanghai Composite	3,338.15	0.6%
Currencies		
USD/MXN	18.07	0.3%
EUR/USD	1.11	0.0%
DXY	100.99	0.0%
Commodities		
WTI	82.47	0.4%
Brent	86.40	0.4%
Gold	2,033.35	-0.3%
Copper	415.70	0.8%
Sovereign bonds		
10-year Treasury	3.46	1pb

Source: Bloomberg

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Equities

- **Widespread gains in major stock indices and attention at the official kick-off of the 1Q23 earnings season in the US, with figures from major banks: *BlackRock, Citigroup, JPMorgan Chase & Co, UnitedHealth Group, Wells Fargo & Co* and *PNC Financial Services Group*. Bloomberg analyst consensus anticipates an 8% drop in S&P500 earnings this season**

- **Futures with small changes, following the yesterday's big rise and as first reports show generally positive signs. *JP Morgan* surprised in revenue and deposits; while *Wells Fargo's* revenue also surprised, although provisions rose sharply; *Citi* surprised in revenues, expenses and profits**

- **Europe shows gains on average of 0.5% while in Asia the rise of the Nikkei of 1.2% stood out. In Mexico the Mexbol Index could approach 55,000pts**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European assets trade with moderate losses while the Treasuries yield curve trades with pressures of 2bps on average. Yesterday, the Mbonos curve closed with losses of 5bps on average and a steepening bias resulting from pressures of up to 10bps at the long-end**

- **The dollar trades little changed while G-10 and emerging market currencies post mixed movements. In the former group, adjustments are moderate with CAD (+0.1%) and NZD (-0.2%) at the extremes. In the second, KRW (+0.9%) is the strongest. The Mexican peso is the weakest among its peers, trading with a 0.4% depreciation at 18.08 per dollar**

- **Crude oil futures are up 0.3% with investors concerned that OPEC+ cuts will aggravate the deficit expected for 2H23. In metals, the bias is positive with nickel (+3.6%) standing out**

Corporate Debt

- **Fitch Ratings upgraded Fibra Mty's international ratings to 'BBB-' from 'BB+' and its local scale ratings to 'AA+(mex)' from 'AA(mex)'. The outlook is Stable. The rating upgrade reflects the agency's expectation that Fibra Mty's financial profile will remain strong following the acquisition of the Zeus portfolio, and that its business profile will be strengthened by a larger scale and improved tenant, property and geographic diversification**

- **HR Ratings upgraded the ratings for Grupo Lala and its outstanding notes to 'HR AA' from 'HR AA-' and changed the Positive outlook to Stable. The revision was mainly based on the good performance the company has shown in terms of working capital, which has been positive since 2021. The agency expects this trend to continue for the following years**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,029.69	1.1%
S&P 500	4,146.22	1.3%
Nasdaq	12,166.27	2.0%
IPC	54,695.78	0.7%
Ibovespa	106,457.85	-0.4%
Euro Stoxx 50	4,363.24	0.7%
FTSE 100	7,843.38	0.2%
CAC 40	7,480.83	1.1%
DAX	15,729.46	0.2%
Nikkei 225	28,156.97	0.3%
Hang Seng	20,344.48	0.2%
Shanghai Composite	3,318.36	-0.3%
Sovereign bonds		
2-year Treasuries	3.97	1pb
10-year Treasuries	3.44	5pb
28-day Cetes	11.22	0pb
28-day TIIE	11.53	1pb
2-year Mbono	10.51	1pb
10-year Mbono	8.84	4pb
Currencies		
USD/MXN	18.01	-0.3%
EUR/USD	1.10	0.5%
GBP/USD	1.25	0.3%
DXY	101.01	-0.5%
Commodities		
WTI	82.16	-1.3%
Brent	86.09	-1.4%
Mexican mix	73.16	-1.1%
Gold	2,040.22	1.3%
Copper	412.40	1.1%

Source: Bloomberg

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, 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, Daniela Olea Suárez, 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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	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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