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Banorte Research and Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets higher, government bond yields decrease and USD lower, with investors still cautious despite positive figures in China while they assess higher interest rates in the US**

- **It is expected that House Republicans will unveil today their plan regarding the debt ceiling, with the situation at an impasse between the two parties for several months. As such, Budget discussions in the US will be relevant this week**

- **In China, 1Q23 GDP surprised higher by growing 4.5% y/y (2.2% q/q), driven by the end of the COVID-zero policy. In Germany, the ZEW expectations survey came in below expectations at 4.1pts. In the US attention will center on housing data. In Mexico, March's Timely Indicator of Economic Activity posted a 0.1% m/m expansion (3.8% y/y sa) in activity. By sectors, they expect industry at 0.0% m/m, with services an inch higher at 0.1% m/m**

- **On the monetary policy front, in Indonesia the central bank kept its reference rate unchanged at 5.75%, adding three meetings without adjustments. In the US we will have comments from Michelle Bowman (Fed Board)**

- **In other news, Vladimir Putin visited two occupied regions of Ukraine, this while the Russian army continues its offensive on the city of Bakhmut. Meanwhile, the G-7 vowed to support Ukraine for "as long as it takes"**

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
2:00	UK Unemployment rate* - Feb	%	--	3.7	3.7
5:00	GER ZEW Survey (Expectations) - Apr	index	--	15.6	13.0
5:00	EZ Trade Balance* - Feb	EURbn	--	--	-11.3
Mexico					
8:00	Timely Indicator of Economic Activity* - Mar	%	--	--	3.5
11:00	International reserves - Apr 14	US$bn	--	--	203.1
13:30	Government weekly auction: 1-, 3-, 6-, and 12- month CETES; 20-year Mbono (Nov'42); 30-year Udibono (Nov'50) and 2-, 5-, and 10-year Bondes F				
United States					
8:30	Housing starts** - Mar	thousands	--	1,400	1,450
8:30	Building permits** - Mar	thousands	--	1,450	1,550
13:00	Fed's Bowman Discusses Central Bank Digital Currencies				

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	4,196.50	0.5%
Euro Stoxx 50	4,403.78	0.8%
Nikkei 225	28,658.83	0.5%
Shanghai Composite	3,393.33	0.2%
Currencies		
USD/MXN	18.00	-0.1%
EUR/USD	1.10	0.3%
DXY	101.73	-0.4%
Commodities		
WTI	80.44	-0.5%
Brent	84.32	-0.5%
Gold	2,002.22	0.4%
Copper	407.50	0.2%
Sovereign bonds		
10-year Treasury	3.59	-1pb

Source: Bloomberg

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Equities

- **Positive movements in most equity markets as investors continue to weigh the health of the global economy, as well as the flow of corporate earnings, which shows a positive bias so far. Thus, in Asia the markets closed mixed and in Europe stocks advance, the Eurostoxx adds 0.8%. In turn, in the US the futures of main indices point to a positive open by rising 0.4% on average**

- **Out of the 10 S&P500 companies scheduled to report today, 6 have already updated investors with outperforming estimates, including Bank of America, Bank of New York Mellon, and Johnson & Johnson (who raised its 2023 guidance). Although Goldman Sachs' profit beat expectations, revenue disappointed, pressuring the stock price in premarket trading. Netflix will publish its figures after the market closes. In Mexico, Gap reported important advances, reaffirming the positive outlook. Figures from Fibrapl are expected today after the markets close**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. European rates decrease 2bps, on average, while the Treasuries' curve registers modest gains of 1bp. Yesterday, the Mbonos' curve flattened after a sell-off of 8bps at the short-end, while the 10-year reference closed at 8.93% (+4bps)**

- **USD retreats amid a positive performance in G10 currencies, with SEK (+0.6%) leading gains. In EM, the bias is mixed, with ZAR (+0.7%) and KRW (-0.6%) at the extremes. The MXN trades at 18.00 per dollar, equivalent to a 0.1% appreciation, after recording few changes yesterday**

- **Crude-oil futures fell for a second day as bullish impetus from OPEC+ production cuts faded against a weaker-than-expected demand picture. Metals register a positive balance, with gold and copper advancing 0.4% and 0.2%, respectively**

Corporate Debt

- **Today, the first reopening of the LAB 23-2 issuance is expected for an amount of up to MXN 1.1 billion to reach an amount of up to MXN 2.2 billion together with the original issuance. The original bond pays a floating-rate of TIIE-28 plus an 83bps spread and has a remaining term of approximately four years**

- **The amortization will be carried out in a single payment on the maturity date (bullet) and the ratings assigned were 'AA+(mex)' by Fitch Ratings and 'HR AA+' by HR Ratings. The proceeds obtained from the issuance will be used to refinance the issuer's liabilities**

- **Fitch notes that Genomma Lab's rating reflects its financial profile, supported by controlled debt levels, consistently strong operating cash flow generation, and the expectation of a gradual improvement in profitability derived from operating efficiencies with the start-up of its production plant**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,987.18	0.3%
S&P 500	4,151.32	0.3%
Nasdaq	12,157.72	0.3%
IPC	54,778.93	0.6%
Ibovespa	106,015.67	-0.2%
Euro Stoxx 50	4,367.61	-0.5%
FTSE 100	7,879.51	0.1%
CAC 40	7,498.18	-0.3%
DAX	15,789.53	-0.1%
Nikkei 225	28,514.78	0.1%
Hang Seng	20,782.45	1.7%
Shanghai Composite	3,385.61	1.4%
Sovereign bonds		
2-year Treasuries	4.19	10pb
10-year Treasuries	3.60	9pb
28-day Cetes	11.22	0pb
28-day TIIE	11.54	0pb
2-year Mbono	10.68	9pb
10-year Mbono	8.94	7pb
Currencies		
USD/MXN	18.02	0.0%
EUR/USD	1.09	-0.6%
GBP/USD	1.24	-0.3%
DXY	102.10	0.5%
Commodities		
WTI	80.83	-2.0%
Brent	84.76	-1.8%
Mexican mix	71.86	-1.9%
Gold	1,995.19	-0.4%
Copper	406.95	-0.9%

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, 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
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.*

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