

Financial Markets Daily

April 20, 2023

Main drivers for the financial markets today...

- Stock markets down, with government bond yields and USD also lower. Investors are reacting to mixed corporate earnings while scrutinizing the latest assessment of the US economy -Beige Book- for clues on the path of interest rates
- On monetary policy, the ECB minutes were published. Members expressed that they still have work to do to bring inflation down, which suggests that they have not yet considered ending the hiking cycle. On the other hand, markets will be attentive to the speeches from Fed members, including Bostic, Bowman, Harker, Mester, and Waller
- Regarding economic figures, the Philly Fed manufacturing survey in the US showed a deeper contraction, falling to -31.3pts after the -23.2pts observed in February. In addition, initial jobless claims for the week ending April 15 were released, rising to 245k from 240k in the previous week. Later, existing home sales for March will be released
- In Mexico, INEGI published February's retail sales, falling 0.3% m/m (3.4% y/y). It should be noted that 5 out of the 9 sectors declined, with the weakness concentrated in appliances and computers (-2.5% m/m) and vehicles and fuel (-1.8%)

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Retail sales - Feb	% y/y	3.6	4.1	5.3
8:00	Retail sales* - Feb	% m/m	-0.1	0.2	1.6
16:30	Survey of expectations (Citibanamex)				
United States					
8:30	Initial jobless claims* - Apr 15	thousands	239	240	239
8:30	Philadelphia Fed*-Apr	index	-23.0	-19.2	-23.2
10:00	Existing home sales** - Mar	millions	--	4.5	4.6
12:00	Fed's Waller Discusses Financial Innovation				
12:20	Fed's Mester Discusses the Economic and Policy Outlook				
15:00	Fed's Bowman Takes Part in Fed Listens Event				
17:00	Fed's Bostic Discusses Economic Conditions				
19:45	Fed's Harker Discusses the Economic Outlook				
Eurozone					
10:00	Consumer confidence* - Apr (P)	index	--	-18.5	-19.2

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.
Equity indices		
S&P 500 Futures	4,147.50	-0.7%
Euro Stoxx 50	4,371.97	-0.5%
Nikkei 225	28,657.57	0.2%
Shanghai Composite	3,367.03	-0.1%
Currencies		
USD/MXN	18.08	0.2%
EUR/USD	1.10	0.2%
DXY	101.81	-0.2%
Commodities		
WTI	77.82	-1.7%
Brent	81.70	-1.7%
Gold	2,007.09	0.6%
Copper	404.45	-0.8%
Sovereign bonds		
10-year Treasury	3.55	-5pb

Source: Bloomberg

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Equities

- Negative equity markets following the latest batch of corporate earnings, which on balance have been mixed. With this, in the US, Nasdaq futures trade lower at -1.1%. Particularly, Tesla falls 8.5% prior to the open after the news published yesterday about making cuts in its vehicles' prices. Apple also drops 1.0% after its biggest chipmaker announced that the mobile device industry will remain soft. On the other hand, Europe trades with generalized losses, with shares of the technology sector companies sliding the most. Finally, Asia closed with a negative bias
- Likewise, 20 S&P 500 companies will release their results today, with American Express standing out after reporting below estimates and falling 1% on pre-market, and AT&T, which exceeded analysts' expectations. In Mexico, Gfnorte, Kimer, and Vesta will release their figures at market close

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. European assets adjust up to -5bps. The Treasuries' curve trades with gains of 8bps at the short-end and the belly, while the long-end adjust -5bps. Yesterday, the Mbonos' curve closed with 5bps losses, on average, and the 10-year benchmark, May'33, closed at 8.96% (+4bps)
- The dollar advances, DXY (+0.1%), while G10 trade with mixed returns with CHF (+0.3%) and NZD (-0.4%) at the extremes. In EM, the performance is mostly positive with ZAR (+0.7%) leading the gains. Meanwhile, MXN depreciates 0.1% at 18.07 per dollar
- Crude-oil futures accumulate losses of more than 5.0% so far this week, with the risk of lower consumption overshadowing a 4.58 million barrels drop in US inventories. Metals trade with mixed bias with gold gaining 0.3% while copper fell 1.2%

Corporate Debt

- S&P Global Ratings has assigned 'mxAAA' national scale long-term debt ratings to Nacional Financiera's development bank issuances (Nafin, 'BBB/Stable /A-2'). The ticker symbols for such issuances will be NAFR 23S and NAFF 23S, which will be made under the modality of communicating vessels for an amount of up to MXN 10 billion as a whole. Nafin will allocate the net proceeds of said issues to finance credit operations for financial and social inclusion projects
- It is important to remember that Nafin's status as a government-related entity and its explicit guarantee support the 'mxAAA' ratings
- Crédito Real reported that, following what was published in the relevant event of March 21, 2023, the sale of Crédito Real USA Finance, LLC, an indirect subsidiary of the company, was consummated

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,897.01	-0.2%
S&P 500	4,154.52	0.0%
Nasdaq	12,157.23	0.0%
IPC	54,308.09	-0.1%
Ibovespa	103,912.94	-2.1%
Euro Stoxx 50	4,393.57	0.0%
FTSE 100	7,898.77	-0.1%
CAC 40	7,549.44	0.2%
DAX	15,895.20	0.1%
Nikkei 225	28,606.76	-0.2%
Hang Seng	20,367.76	-1.4%
Shanghai Composite	3,370.13	-0.7%
Sovereign bonds		
2-year Treasuries	4.24	5pb
10-year Treasuries	3.59	2pb
28-day Cetes	11.22	0pb
28-day TIE	11.53	0pb
2-year Mbono	10.74	7pb
10-year Mbono	8.96	4pb
Currencies		
USD/MXN	18.05	0.0%
EUR/USD	1.10	-0.2%
GBP/USD	1.24	0.1%
DXY	101.97	0.2%
Commodities		
WTI	79.16	-2.1%
Brent	83.12	-1.9%
Mexican mix	70.20	-2.2%
Gold	1,994.93	-0.5%
Copper	408.10	-0.4%

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 Thalia 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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