

Financial Markets Daily

April 24, 2023

Main drivers for the financial markets today...

- Stock markets biased slightly lower, with government bond yields and the USD mixed. Investors are waiting for the release of a bulk of corporate results as of 1Q23 and economic data to keep gauging the most likely direction of interest rates around the world
- On the other hand, Germany's IFO index for expectations reached 92.2pts in April, above expectations, albeit with the 'current assessment' lower at the margin. No further data will be released during the rest of today's trading session
- This week, attention will be on 1Q23 GDP in the US, the Eurozone, and Mexico. For the latter, we see +3.7% y/y (1.0% q/q), higher than consensus. Additionally, on personal income & spending, and the PCE deflator in the US amid recession fears
- In monetary policy, no interventions from Fed members due to the silence period ahead of the decision on May 3. Decision in Sweden, Turkey, Japan, Russia, Colombia, and Bulgaria, along with speeches from ECB members
- The US data agenda also includes housing prices (Feb), new home sales, trade balance, durable goods orders (Mar), consumer confidence, and the final U. of Michigan confidence indicator (Apr)
- In Mexico, inflation for the 1st half of April stood at -0.16% 2w/2w (Banorte: -0.09%; consensus; -0.15%). Other figures include IGAE (Feb), trade balance, banking credit, and the public finance report (Mar)

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
4:00	IFO Survey (business climate)* - Apr	index	--	93.4	93.3
Mexico					
8:00	Consumer prices - Apr 15	% m/m	-0.09	-0.15	0.07
8:00	Core - Apr 15	% m/m	0.24	0.22	0.29
8:00	Consumer prices - Apr 15	% y/y	6.31	6.28	6.58
8:00	Core - Apr 15	% y/y	7.80	7.76	8.03

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	4,153.50	-0.1%
Euro Stoxx 50	4,408.29	0.0%
Nikkei 225	28,593.52	0.1%
Shanghai Composite	3,275.41	-0.8%
Currencies		
USD/MXN	18.02	0.2%
EUR/USD	1.10	0.1%
DXY	101.70	-0.1%
Commodities		
WTI	77.69	-0.2%
Brent	81.39	-0.3%
Gold	1,983.11	0.0%
Copper	398.25	0.1%
Sovereign bonds		
10-year Treasury	3.54	-3pb

Source: Bloomberg

Equities

- The week kicks off with mixed changes as investors await big tech companies' results and economic data throughout the week, which could provide signals on economic growth and the direction of monetary policy
- US futures anticipate an unchanged opening, with the S&P500 down 0.1% from its theoretical value. Europe trades mixed, with no clear trend. For the Mexbol Index we anticipate a weekly trading range between 52,500 and 55,500pts
- On the corporate front, the flow of reports will increase, with 178 S&P500 companies this week, highlighting tech stocks. From the eight corporates that will release today, we have only had Coca-Cola so far, which was better-than-expected. In Mexico, information will ramp up with 23 earnings results from the Mexbol index. Today we expect figures from Asur, Q, Ra, and Volar at the market's close

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds. European assets trade with a negative bias and modest changes, while the Treasuries yield curve gains 3bps on average. Last week, the Mbonos' curve posted losses of 5bps on average and the 2s10s spread widened to -197bps from -188bps a week earlier
- The dollar shows a negative bias (DXY -0.1%) while developed and EM currencies post mixed changes. In the former group, CHF (+0.3%) and JPY (-0.3%) are at the ends of the spectrum; in the latter, trading is capped by PHP (+0.4%) and KRW (-0.5%). The Mexican peso depreciates 0.2% to 18.02 per dollar
- Crude-oil futures fall 0.2%, with investors cautious due to signs of lower demand in Asia and recession risks. Metal prices are mostly lower and gold is virtually unchanged

Corporate Debt

- For this week we expect placements by FEFA (FEFA 23 & 23V, for an objective MXN 5 billion and up to MXN 8.5 billion with over allocation) and Molymet (MOLYMET 23 & 23-2, for MXN 6 billion). All bonds have the highest national credit rating
- Fitch Ratings upgraded Grupo Comercial Chedraui's long-term national rating to 'AAA(mex)' from 'AA+(mex)'. The Outlook is Stable. According to the agency, Chedraui's rating upgrade reflects the continued improvement in its financial profile, supported by manageable debt levels, positive Free Cash Flow, and ample liquidity position. The company has proven to be resilient to adverse economic environments and has the ability to strengthen its competitive position

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,808.96	0.1%
S&P 500	4,133.52	0.1%
Nasdaq	12,072.46	0.1%
IPC	54,175.29	-0.2%
Ibovespa	104,366.82	0.0%
Euro Stoxx 50	4,408.59	0.5%
FTSE 100	7,914.13	0.1%
CAC 40	7,577.00	0.5%
DAX	15,881.66	0.5%
Nikkei 225	28,564.37	-0.3%
Hang Seng	20,075.73	-1.6%
Shanghai Composite	3,301.26	-2.0%
Sovereign bonds		
2-year Treasuries	4.18	4pb
10-year Treasuries	3.57	4pb
28-day Cetes	11.22	0pb
28-day TIE	11.53	0pb
2-year Mbono	10.66	-5pb
10-year Mbono	8.93	-1pb
Currencies		
USD/MXN	17.99	-0.1%
EUR/USD	1.10	0.1%
GBP/USD	1.24	-0.1%
DXY	101.82	0.0%
Commodities		
WTI	77.87	0.8%
Brent	81.66	0.7%
Mexican mix	68.49	0.4%
Gold	1,983.06	-1.1%
Copper	398.65	-1.1%

Source: Bloomberg

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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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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