

Financial Markets Daily

April 25, 2023

Main drivers for the financial markets today...

- Stock markets with negative bias, government bond yields down and USD up, with investors assessing corporate earnings for clues on the outlook for global economy amid high interest rates. First Republic Bank and UBS results send mixed signals
- Today, the US economic agenda includes February home prices, March new home sales and April Conference Board's consumer confidence. We estimate that the latter will stand at 105pts, supported by less uncertainty surrounding the collapse of Silicon Valley Bank, the nearness of the end of the rate hike cycle, and the strength of the labor market
- President Biden formally announced that he will seek re-election in 2024. He asked voters to let him finish his job. Later, Treasury Secretary Janet Yellen will speak on Biden's economic agenda
- In Mexico, INEGI released February's GDP-proxy IGAE, up 0.1% m/m (+3.8% y/y). By sectors, strength centered in industry (0.7% m/m), with agriculture higher (4.2%), but with a slight decline in services (-0.1%)

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Economic activity indicator (IGAE) - Feb	% y/y	3.7	4.0	4.4
8:00	Economic activity indicator (IGAE)* - Feb	% m/m	0.1	0.3	0.6
11:00	International reserves - Apr 21	US\$bn	--	--	203.0
13:30	Government weekly auction: 1-, 3-, 6-, 24- month CETES; 3-year Mbono (Mar'25); 3-year Udibono (Dec'26) and 1-, and 3-year Bondes F				
Brazil					
8:00	Retail sales - Feb	% y/y	--	0.9	2.6
8:00	Retail sales* - Feb	% m/m	--	0.1	3.8
United States					
9:00	S&P/CoreLogic housing prices - Feb	% y/y	--	-0.1	2.6
10:00	New home sales** - Mar	thousands	--	630	640
10:00	Consumer confidence* - Apr	index	105.0	104.0	104.2

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,139.75	-0.5%
Euro Stoxx 50	4,378.20	-0.5%
Nikkei 225	28,620.07	0.1%
Shanghai Composite	3,264.87	-0.3%
Currencies		
USD/MXN	17.97	-0.1%
EUR/USD	1.10	-0.2%
DXY	101.56	0.2%
Commodities		
WTI	78.15	-0.8%
Brent	82.08	-0.8%
Gold	1,992.88	0.2%
Copper	385.80	-2.4%
Sovereign bonds		
10-year Treasury	3.42	-7pb

Source: Bloomberg

Equities

- Negative movements in equity markets as investors evaluate corporate results with a mixed balance. In Asia most markets fell. In Europe stocks drop, the Eurostoxx sheds 0.5%. In turn, in the US the futures of main indices point to a negative open by falling 0.3% on average. First Republic Bank shares drop more than 20% in pre-market after reporting a larger-than-expected contraction in deposits
- Out of the 41 S&P500 companies scheduled to report today, 27 have already updated investors with most outperforming estimates, including 3M, GE, GM, McDonald's, and PepsiCo. Alphabet and Microsoft will publish their figures after the market closes. In Mexico, Asur showed a solid report in line with expectations; Gmxt announced record figures, higher margins and the creation of an intermodal alliance; and Volar recorded notable advances, although with pressure on profitability. Figures from Alfa and subsidiaries, Amx, Chdraui, Gcc, Livepol, and Tlevisa are expected today

Sovereign fixed income, currencies and commodities

- Slightly positive balance in sovereign bonds. European rates decrease 6bps, on average, while the Treasuries print gains of up to 8bps in the belly. Yesterday, the Mbonos' curve steepened after a rally of 9bps at the short-end and few changes at the long-end
- USD advances against most of the G10 and EM currencies. In the former group, JPY (+0.1%) is the only in positive territory while the weakest is NOK (-0.7%). In EM, PHP (+0.4%) and ZAR (-0.7%) stand at the extremes. The MXN trades at 17.97 per dollar, equivalent to a 0.1% appreciation, after recording few changes yesterday
- Widespread losses in commodities due to uncertainty about the direction of the global economy and the strength of the demand. Crude-oil futures fell 0.7%, while copper retreats 2.2% very close to the lows of the year

Corporate Debt

- HR Ratings upgraded State of Veracruz rating from 'HR BBB+' to 'HR A-' and changed the Outlook from Positive to Stable. According to the agency, the upgrade responds to the financial results observed in 2022, where the State reported a surplus in the Primary Balance
- Notice of full early amortization of the HITOTAL 10U issuance for May 2, 2023. The bond is backed by mortgage loans originated by Infonavit and managed by Hipotecaria Total with an outstanding amount of MXN 1.7 billion and legal maturity in January 2041
- Likewise, notice of full early amortization of the LAB 20 issuance for next April 28, 2023. The issuance has an outstanding amount of MXN 2.5 billion and legal maturity in August 2023

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,875.40	0.2%
S&P 500	4,137.04	0.1%
Nasdaq	12,037.20	-0.3%
IPC	54,713.70	1.0%
Ibovespa	103,946.58	-0.4%
Euro Stoxx 50	4,401.80	-0.2%
FTSE 100	7,912.20	0.0%
CAC 40	7,573.86	0.0%
DAX	15,863.95	-0.1%
Nikkei 225	28,593.52	0.1%
Hang Seng	19,959.94	-0.6%
Shanghai Composite	3,275.41	-0.8%
Sovereign bonds		
2-year Treasuries	4.09	-9pb
10-year Treasuries	3.49	-8pb
28-day Cetes	11.22	0pb
28-day TIE	11.53	0pb
2-year Mbono	10.58	-7pb
10-year Mbono	8.90	-3pb
Currencies		
USD/MXN	17.98	0.0%
EUR/USD	1.10	0.5%
GBP/USD	1.25	0.4%
DX	101.35	-0.5%
Commodities		
WTI	78.76	1.1%
Brent	82.73	1.3%
Mexican mix	69.44	1.4%
Gold	1,989.14	0.3%
Copper	396.45	-0.6%

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