

Financial Markets Daily

April 26, 2023

Main drivers for the financial markets today...

- Stock markets mixed, government bond yields positive, and the USD weakens. Investors show some slight optimism after results from Alphabet and Microsoft, albeit with concerns remaining on the banking sector. It seems that the market underestimated companies' potential, given that so far (with 155 from 500 businesses in the S&P500) the surprise rate stands at around 83%
- Regarding economic data, in the US, March's durable goods orders rose 3.2% m/m, surprising to the upside, while the trade balance posted a US\$84.6 billion deficit. In Brazil, inflation in the first half of April moderated to 4.16% y/y
- On the monetary front, the Riksbank (Swedish Central Bank) hiked its reference rate by 50bps to 3.50%, stating that the tightening cycle will continue. In addition, we will be looking into comments from Luis de Guindos, ECB Vice-president. In Mexico, yesterday we had less hawkish comments from Governor Rodríguez and Deputy Governor Heath, hinting that hikes in our country may have already ended
- In the US it is expected that Republicans will introduce this week (likely tomorrow) a measure that will link an increase to the debt ceiling with measures to cut public spending. In this sense, House Speaker McCarthy agreed to change his proposal to achieve a larger consensus
- Russia announced the temporary takeover of resources from western companies as a retaliatory measure to economic sanctions. Nations affected are Finland (through the company Fortum) and Germany (Uniper). In addition, they warned that more businesses could follow

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The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|----------------------|---------------------------------|--------|---------|--------|----------|
| Brazil | | | | | |
| 8:00 | Consumer prices - Apr | % m/m | -- | 0.60 | 0.69 |
| 8:00 | Consumer prices - Apr | % y/y | -- | 4.19 | 5.36 |
| United States | | | | | |
| 8:30 | Trade balance* - Mar | US\$bn | -- | -90.0 | -91.6 |
| 8:30 | Durable goods orders* - Mar (P) | % m/m | -- | 0.7 | -1.0 |
| 8:30 | Ex transportation* - Mar (P) | % m/m | -- | -0.2 | -0.1 |

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 | 4,101.00 | 0.2% |
| Euro Stoxx 50 | 4,334.66 | -1.0% |
| Nikkei 225 | 28,416.47 | -0.7% |
| Shanghai Composite | 3,264.10 | 0.0% |
| Currencies | | |
| USD/MXN | 18.05 | -0.1% |
| EUR/USD | 1.11 | 0.7% |
| DXY | 101.44 | -0.4% |
| Commodities | | |
| WTI | 76.48 | -0.8% |
| Brent | 80.02 | -0.9% |
| Gold | 1,998.32 | 0.0% |
| Copper | 385.50 | 0.2% |
| Sovereign bonds | | |
| 10-year Treasury | 3.41 | 1pb |

Source: Bloomberg

Equities

- Stock markets with negative bias, reflecting losses in Europe after mostly disappointing corporate results, the Eurostoxx falls 1.0%; in contrast with the positive reports of some of the large technology companies in the US. Likewise, futures anticipate a positive opening with the Nasdaq trading 0.8% above its theoretical value. Microsoft rises on pre-market after beating analysts' estimates. In addition, of the 50 S&P500 companies releasing their results today, 24 have released their figures, mostly better than anticipated. Asia closed mainly with declines
- On the domestic corporate front, Alfa had a 1Q23 in line with expectations, reflecting pressures in Alpek. On the other hand, Amx showed higher-than-expected growth and margin expansion; in Chdraui, operating efficiencies and resilience in SSS stood out; GCC reported solid progress; finally, Livepol registered pressures due to reserve increases. Today at market close we expect figures from Bbajio, Gentera, Kof, Lab, Lacomar, Oma, Orbia and Walmex

Sovereign fixed income, currencies and commodities

- Sovereign bonds with a negative performance. European assets trade with losses of 2bps while the Treasuries yield curve trades with pressures of up to 4bps. Yesterday, the Mbonos' curve closed with a steepening bias, as a result of 9bps gains on the short- and mid-end, and 1bp losses on the long-end
- The dollar weakens (DXY -0.4%) as developed and EM currencies post mixed changes. In the former, trading is capped by EUR (+0.6%) and (AUD -0.4%) and in the latter, HUF (+1.1%) and RUB (-1.0%) are at the ends of the spectrum. The Mexican peso appreciates 0.1% to 18.06 per dollar
- Crude-oil futures fall 0.6% on concerns about lower demand in a backdrop of economic uncertainty. Positive bias in industrial metals after yesterday's sell-off

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| Equity indices | | |
| Dow Jones | 33,530.83 | -1.0% |
| S&P 500 | 4,071.63 | -1.6% |
| Nasdaq | 11,799.16 | -2.0% |
| IPC | 54,371.09 | -0.6% |
| Ibovespa | 103,220.09 | -0.7% |
| Euro Stoxx 50 | 4,377.85 | -0.5% |
| FTSE 100 | 7,891.13 | -0.3% |
| CAC 40 | 7,531.61 | -0.6% |
| DAX | 15,872.13 | 0.1% |
| Nikkei 225 | 28,620.07 | 0.1% |
| Hang Seng | 19,617.88 | -1.7% |
| Shanghai Composite | 3,264.87 | -0.3% |
| Sovereign bonds | | |
| 2-year Treasuries | 3.95 | -13pb |
| 10-year Treasuries | 3.40 | -9pb |
| 28-day Cetes | 11.22 | 0pb |
| 28-day TIE | 11.53 | 0pb |
| 2-year Mbono | 10.45 | -13pb |
| 10-year Mbono | 8.84 | -6pb |
| Currencies | | |
| USD/MXN | 18.08 | 0.5% |
| EUR/USD | 1.10 | -0.7% |
| GBP/USD | 1.24 | -0.6% |
| DXY | 101.86 | 0.5% |
| Commodities | | |
| WTI | 77.07 | -2.1% |
| Brent | 80.77 | -2.4% |
| Mexican mix | 68.15 | -1.9% |
| Gold | 1,997.39 | 0.4% |
| Copper | 386.50 | -2.5% |

Source: Bloomberg

Corporate Debt

- Today we expect the auction of two unsecured bonds from Molibdenos y Metales, MOLYMET 23 / 23-2, for an aggregate amount of up to MXN 6.0 billion. The bonds will have terms of 2- and 6-years, respectively, and are rated 'AAA' in local scale by Fitch Ratings and HR Ratings
- Grupo Radio Centro informed that it was unable to pay the accrued interest on its unsecured bonds RCENTRO 17 / 17-2, due on April 25, 2023
- HR Ratings affirmed the rating of issuance VANRTCB 21 (Vanrenta's ABS) at 'HR AA+' with Stable outlook. The ratification was based on the Maximum Default that the issue can withstand of 27.2% in a stress scenario

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> |
| SELL | <i>When the share expected performance is lower than the MEXBOL estimated performance.</i> |

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