

Financial Markets Daily

April 27, 2023

Main drivers for the financial markets today...

- Stock markets positive, government bond yields up, as dollar trades with small changes with investors seeing positive signs in corporate earnings reports, however still watching the banking turmoil -First Republic Bank issues- and the possibility of the Fed to adjust its interest rates
- Regarding monetary policy, Turkey decided to keep its reference interest rate unchanged at 8.5%. In the afternoon, the Bank of Japan will have its monetary policy decision, where it is expected to also maintain its rate at the current level
- In terms of economic figures, the US GDP for 1Q23 was published at 1.1% q/q saar, less than the 2.6% observed in the previous quarter and below consensus expectations at 1.9%. Personal consumption grew 3.7%, but the accumulation of inventories subtracted 2.26pp from the growth's period. In addition, jobless claims were published for the week ending April 22, standing at 230k below both those observed in the previous week and what the consensus estimated
- In Mexico, INEGI published the trade balance for March, posting a US\$1,168.7 million surplus. Exports rose 4.5% m/m (3.2% y/y) -boosted by manufacturing-, while imports fell 2.1% m/m (1.1% y/y) -dragged by oil related companies-. Today the reform of the Securities Market Law will be turned to the Senate plenary session

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer confidence* - Apr (F)	index	--	-18.5	-19.2
5:00	Economic confidence* - Apr	index	--	99.9	99.3
Turkey					
7:00	Monetary policy decision (Central Bank of Turkey)	%	--	8.50	8.50
Mexico					
8:00	Trade balance - Mar	US\$m	-1,330.7	-900.0	-1,844.4
United States					
8:30	Initial jobless claims* - Apr 22	thousands	250	248	245
8:30	Gross domestic product** - 1Q23 (F)	% q/q	2.2	2.0	2.6
8:30	Personal consumption** - 1Q23 (F)	% q/q	4.1	4.3	1.0
Japan					
	Monetary policy decision (BoJ)	%	--	-0.10	-0.10

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	4,098.50	0.6%
Euro Stoxx 50	4,365.43	0.4%
Nikkei 225	28,457.68	0.1%
Shanghai Composite	3,285.89	0.7%
Currencies		
USD/MXN	18.10	-0.3%
EUR/USD	1.10	-0.2%
DX	101.63	0.2%
Commodities		
WTI	74.59	0.4%
Brent	78.04	0.5%
Gold	1,988.26	0.0%
Copper	383.65	-0.4%
Sovereign bonds		
10-year Treasury	3.47	3pb

Source: Bloomberg

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Equities

- Equity markets with positive bias, reflecting a greater appetite for risky assets after recent reports from technology companies in the US. Futures anticipate a positive opening with the Nasdaq trading 1.0% above its theoretical value. Meta rises more than 12.0% on pre-market after surprising in users and sales. In addition, of the 70 S&P500 companies releasing their results today, 43 have released their figures, mostly better than expected. Europe trades mixed
- On the domestic corporate front, Genera had favorable dynamics in its operations and non-performing loans remained stable. Lacomar continued to surprise with advances in profitability, while Walmex reported slightly higher pressures; Lab confirmed sequential recovery and in Kof's Mexico profitability pressures stood out. Finally, Oma reported solid figures in light of strong demand, while Orbia surprised with sequential expansion in all businesses and Pinfra had record EBITDA driven by concessions. At the open, we expect AC's report, while at market close, we anticipate Alsea, Bimbo, Cuervo, Mega and Terra's reports will be released

Sovereign fixed income, currencies and commodities

- Negative performance in sovereign bonds. European assets adjust up to +5bps. The Treasuries' curve trades with losses of 4bps on average. Yesterday, the Mbonos' curve closed with a steepener bias as a result of gains of 3bps at the short-end and the belly, while the long-end lost 2bps
- The dollar advances, DXY (+0.2%), while G10 currencies trade with mixed bias with NZD (+0.3%) and CHF (-0.5%) at the extremes. In EM, the performance is also mixed with IDR (+0.9%) and PLN (-0.3%) narrowing operations. Meanwhile, MXN appreciates 0.1% at 18.13 per dollar
- Crude-oil futures stabilize after gains triggered by OPEC+ production cut were fully diluted. Metals trade with mixed bias with gold gaining 0.2% while copper fell 0.5%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,301.87	-0.7%
S&P 500	4,055.99	-0.4%
Nasdaq	11,854.35	0.5%
IPC	54,023.32	-0.6%
Ibovespa	102,312.10	-0.9%
Euro Stoxx 50	4,347.71	-0.7%
FTSE 100	7,852.64	-0.5%
CAC 40	7,466.66	-0.9%
DAX	15,795.73	-0.5%
Nikkei 225	28,416.47	-0.7%
Hang Seng	19,757.27	0.7%
Shanghai Composite	3,264.10	0.0%
Sovereign bonds		
2-year Treasuries	3.95	0pb
10-year Treasuries	3.45	5pb
28-day Cetes	11.22	0pb
28-day TIIE	11.54	1pb
2-year Mbono	10.41	-4pb
10-year Mbono	8.83	-1pb
Currencies		
USD/MXN	18.15	0.4%
EUR/USD	1.10	0.6%
GBP/USD	1.25	0.5%
DXY	101.47	-0.4%
Commodities		
WTI	74.30	-3.6%
Brent	77.69	-3.8%
Mexican mix	65.18	-4.4%
Gold	1,989.04	-0.4%
Copper	386.15	-0.1%

Source: Bloomberg

Corporate Debt

- Genera informed that its subsidiary, Compartamos Financiera, placed the amount of 55.9 million soles (approximately MXN 270 million), through the public issuance of Certificates of Deposit in the Peruvian debt market. The issuance has a term of 1 year, with a rate of 8.3437%, and had a 1.17x oversubscription
- HR Ratings affirmed Vinte's rating at 'HR AA-' with a Stable outlook. The ratification is based on the generation of Free Cash Flow during 2022, which reached levels of MXN 608 million due to an increase in operating results and a higher collection of accounts receivable.

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