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Banorte Research and Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets negative, government bond yields down and USD up, with investors assimilating decelerating signals on perspectives from *Amazon*, after sound earnings from big techs, inflation related figures in the US and economic data in Europe, while awaiting next week's monetary policy decisions from the Fed and the ECB**

- **Regarding economic figures, in the US the personal income and consumption report for the third month of the year was published. Real personal consumption posted a flat monthly advance, above the consensus estimate of -0.1% m/m and after a downward revision in February from -0.1% to -0.2%. The Fed's favorite price indicator, the PCE Core deflator, came in at +0.3% m/m, with the annual change dipping only slightly to 4.6% from 4.7% previously**

- **In the Eurozone the 1Q23 GDP advanced 0.1% q/q, below the consensus estimate of +0.2% q/q and after a downward revision of the previous quarter from 0.0% to -0.1%. With this, the annual variation moderated from 1.8% previously to 1.3%**

- **In Mexico, INEGI published 1Q23 preliminary GDP, posting a 1.1% q/q expansion (3.9% y/y nsa). By sectors, primary activities fell 3.2% q/q (+2.4% y/y), with industry at +0.7% q/q (+2.7% y/y), and services at +1.5% q/q (+4.4% y/y). Later, public finances and March's credit figures will be released**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Gross domestic product - 1Q23 (P)	% y/y	3.7	3.3	3.6
8:00	Gross domestic product* - 1Q23 (P)	% q/q	1.0	0.8	0.5
11:00	Banking credit - Mar	% y/y	5.4	--	5.2
16:30	Public finances (PSBR, year-to-date) - Mar	MXNmn	--	--	-135.1
United States					
8:30	Personal income* - Mar	% m/m	--	0.2	0.3
8:30	Personal spending* - Mar	% m/m	--	-0.1	0.2
8:30	Real personal spending* - Mar	% m/m	-0.3	-0.1	-0.1
8:30	PCE Deflator* - Mar	% m/m	--	0.1	0.3
8:30	Core* - Mar	% m/m	--	0.3	0.3
8:30	PCE Deflator - Mar	% y/y	--	4.1	5.0
8:30	Core - Mar	% y/y	--	4.5	4.6
10:00	U. of Michigan confidence* - Apr (F)	index	63.5	63.5	63.5
Colombia					
14:00	Monetary policy decision (BanRep)	%	--	13.00	13.00

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

Alejandro Padilla Santana
Chief Economist and
Head of Research
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Financial Markets Strategy
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar
Director of Market Strategy
manuel.jimenez@banorte.com

www.banorte.com

@analisis_fundam

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,137.75	-0.4%
Euro Stoxx 50	4,324.86	-0.8%
Nikkei 225	28,856.44	1.4%
Shanghai Composite	3,323.28	1.1%
Currencies		
USD/MXN	18.05	0.0%
EUR/USD	1.10	-0.4%
DXY	102.07	0.6%
Commodities		
WTI	75.15	0.5%
Brent	79.09	0.9%
Gold	1,982.56	-0.3%
Copper	388.25	0.5%
Sovereign bonds		
10-year Treasury	3.48	-4pb

Source: Bloomberg

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Equities

- **Profit taking in main stock indices, after yesterday's strong performance supported by solid technology earnings results and while expectations of the Fed's next moves continue to recalibrate**

- **Futures in the US anticipate a negative opening with the S&P500 trading 0.4% below its theoretical value. Despite a positive result at *Amazon*, expectations disappointed as it warned of a slowdown in its cloud computing business, while *Snap*'s report fell short of expectations.**

- **Today 7 companies from the S&P500 will release its figures, highlighting *Exxon* and *Chevron* already with positive numbers. With ~52% of the results, the drop in profits is -3.3% vs -8.0%e, and the positive surprises rate stands at 79.8%. In Mexico we await FEMSA's report prior to the opening**

Sovereign fixed income, currencies and commodities

- **Widespread gains in sovereign bonds. European assets trade with gains of up to 11bps on 10-year benchmarks while the Treasuries yield curve posts gains of 3bps on average. Yesterday, the Mbonos curve closed with 2bps losses concentrated in the short- and mid-end, while the local risk premium declined 5bps to 530bps**

- **The dollar strengthens (DXY +0.5%) while G-10 currencies show a negative bias and EM currencies show mixed changes. In the former group, JPY (-1.6%) is the weakest and in the latter, trading is capped by RUB (+2.7%) and HUF (-0.7%). Mexican peso depreciates 0.1% to 18.05 per dollar**

- **Crude-oil futures are up 0.6% on average reflecting tensions in the Middle East following the capture of an oil tanker by Iran. Metals prices are mixed, with aluminum rising 1.4%**

Corporate Debt

- **Fibra Shop announced the refinancing of a MXN 220 million line of credit under the same terms and conditions. The credit line was set to expire in November 2023, but an extension of the term was signed until November 2026**

- **HR Ratings affirmed Grupo Axo's long-term ratings at 'HR A+' and its short-term ratings at 'HR2'. The affirmation was based on the constant generation of Free Cash Flow, which reached MXN 2.05 billion in 2022, compared to MXN 1.58 billion in 2021.**

- **Fitch Ratings affirmed Mercader Financial's long- and short-term ratings at 'A-(mex)' and 'F2(mex)', respectively. The ratings are highly influenced by Mercader's moderate and growing franchise in the financial system**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,826.16	1.6%
S&P 500	4,135.35	2.0%
Nasdaq	12,142.24	2.4%
IPC	54,442.16	0.8%
Ibovespa	102,923.31	0.6%
Euro Stoxx 50	4,358.05	0.2%
FTSE 100	7,831.58	-0.3%
CAC 40	7,483.84	0.2%
DAX	15,800.45	0.0%
Nikkei 225	28,457.68	0.1%
Hang Seng	19,840.28	0.4%
Shanghai Composite	3,285.88	0.7%
Sovereign bonds		
2-year Treasuries	4.07	12pb
10-year Treasuries	3.52	7pb
28-day Cetes	11.22	0pb
28-day TIIE	11.54	1pb
2-year Mbono	10.45	4pb
10-year Mbono	8.83	0pb
Currencies		
USD/MXN	18.04	-0.6%
EUR/USD	1.10	-0.1%
GBP/USD	1.25	0.2%
DXY	101.50	0.0%
Commodities		
WTI	74.76	0.6%
Brent	78.37	0.9%
Mexican mix	65.39	0.3%
Gold	1,987.78	-0.1%
Copper	388.40	0.6%

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 Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, 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
BUY	*When the share expected performance is greater than the MEXBOL estimated performance.*
HOLD	*When the share expected performance is similar to the MEXBOL estimated performance.*
SELL	*When the share expected performance is lower than the MEXBOL estimated performance.*

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GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy			
Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godinez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000
Economic Research			
Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707
Market Strategy			
Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
Fixed income and FX Strategy			
Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144
Equity Strategy			
Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 – 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Strategist, Equity	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746
Corporate Debt			
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248
Quantitative Analysis			
Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Daniela Olea Suarez	Senior Analyst, Quantitative Analysis	daniela.olea.suarez@banorte.com	(55) 1103 - 4000
Miguel Alejandro Calvo Domiguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Andrea Muñoz Sánchez	Analyst, Quantitative Analysis	andrea.munoz.sanchez@banorte.com	(55) 1103 - 4000
Wholesale Banking			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.ceballos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.cor	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roldan.ferrer@banorte.com	(55) 1670 - 1899