

Financial Markets Daily

May 5, 2023

Main drivers for the financial markets today...

- **Stock markets higher, with government bond yields climbing and with the USD higher, with the results from the employment report reversing some of the positive sentiment triggered by dip-buying and favorable corporate earnings, albeit some caution on regional banks in the US remained**
- **In the US, we saw a creation of 253k new jobs in April, surprising to the upside. Meanwhile, the unemployment rate adjusted to 3.4%. These results suggest that dynamism in the labor market continues**
- **On other releases, China's Caixin services PMI decelerated more than expected to 56.4pts, albeit maintaining strength still. In the Eurozone, March's retail sales came in below forecasts at -1.2% m/m. In Mexico, we await the banking sector survey**
- **Regarding monetary policy, attention will be on comments from Bullard (St. Louis) and Cook (Fed Board), especially considering that they are some of the first members to speak after Wednesday's policy decision**
- **In other news, the FAO reported that food prices increased at a sequential level for the first time in a year in April, impacted by higher sugar, rice, and meat prices**
- **In the UK, results from local elections show losses for the PM Sunak's Conservative party. This is key in a context in which the debate over possible tax cuts continues**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Retail sales* - Mar	% m/m	--	-0.2	-0.8
<i>United States</i>					
8:30	Nonfarm payrolls* - Apr	thousands	195	180	236
8:30	Unemployment rate* - Apr	%	3.6	3.6	3.5
15:00	Consumer credit* - Mar	US\$bn	--	17.0	15.3
13:00	Fed's Bullard Discusses the Economic Outlook				
13:00	Fed's Cook Gives Commencement Address				
<i>Mexico</i>					
16:30	Survey of expectations (Citibanamex)				

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.
<i>Equity indices</i>		
S&P 500 Futures	4,105.00	0.7%
Euro Stoxx 50	4,307.32	0.5%
Nikkei 225	29,157.95	0.0%
Shanghai Composite	3,334.50	-0.5%
<i>Currencies</i>		
USD/MXN	17.89	-0.1%
EUR/USD	1.10	0.0%
DXY	101.40	0.0%
<i>Commodities</i>		
WTI	70.39	2.7%
Brent	74.32	2.5%
Gold	2,037.52	-0.6%
Copper	384.50	-0.1%
<i>Sovereign bonds</i>		
10-year Treasury	3.40	2pb

Source: Bloomberg

Equities

- **Widespread gains in main stock indices on dip-buying after recent adjustments and reacting to labor market figures. Futures in the US anticipate an upward opening with the S&P500 trading 0.7% above its theoretical value. Investors are reacting favorably to reports from *Apple*, whose results were supported by *iPhone* sales, and *Adidas* on strong demand**
- **Profiling us into the final stretch of reports in the US, today 9 companies of the S&P500 will release its figures, highlighting *News Corp* and *Warner Bros Discovery*. With ~83% of the results a decrease in earnings of -2.3% vs -8.0% has been accumulated. The positive surprises rate stands at 78.6%**
- **In Mexico, *Oma* and *Volar* recorded positive passenger traffic figures for April, driven mainly by international flow. The Mexbol Index could remain consolidating around 54,800pts**

Sovereign fixed income, currencies and commodities

- **Losses in government bonds. European rates adjust up to +10bps on 10-year benchmarks while, the Treasuries yield curve trades with pressures of 3bps on average. Yesterday, the Mbonos' curve closed with gains of 4bps on average and the 10-year benchmark gained 3bps to 8.75%**
- **The dollar recovers early losses to trade with few changes on the DXY. Positive bias prevails in G-10 currencies with NOK (+0.9%) the strongest while CHF (-0.7%) is the only one with losses. In the EM group, trading is capped by RUB (+1.5%) and ZAR (-0.5%). Mexican peso appreciates 0.1% to 17.89 per dollar**
- **Crude-oil futures are up 2.6% on average due to opportunity buying after the previous days' adjustments and lower risk aversion. Metals prices are mixed, with precious metals trading with losses and industrial metals with moderate gains**

Corporate Debt

- **Moody's Local MX upgraded TUCACCB 08 rating to 'A-.mx' from 'BBB+.mx'. The rating outlook remained stable. According to the agency, the upgrade reflects the solid recovery of vehicle traffic and income starting in 2021 that has generated a consistent improvement in the Debt Service Coverage Ratio calculated by the rating agency, which stood at 1.37x during 2022**
- **The TUCACCB 08 issuance is a Future Flow backed by the collection rights and fees derived from the highway-tunnels of the Acapulco Concession Tunnels, with an outstanding amount of MXN 671 million, and with a scheduled maturity of December 30, 2033. In addition to Moody's Local MX rating, the bond is rated at 'HR AA (E)' with a stable outlook by HR Ratings**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,127.74	-0.9%
S&P 500	4,061.22	-0.7%
Nasdaq	11,966.40	-0.5%
IPC	54,667.21	-0.5%
Ibovespa	102,174.34	0.4%
Euro Stoxx 50	4,287.03	-0.5%
FTSE 100	7,702.64	-1.1%
CAC 40	7,340.77	-0.9%
DAX	15,734.24	-0.5%
Nikkei 225	29,157.95	0.0%
Hang Seng	19,948.73	1.3%
Shanghai Composite	3,350.46	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	3.79	-1pb
10-year Treasuries	3.38	4pb
28-day Cetes	11.44	4pb
28-day TIE	11.57	1pb
2-year Mbono	10.38	-3pb
10-year Mbono	8.76	-1pb
<i>Currencies</i>		
USD/MXN	17.91	-0.1%
EUR/USD	1.10	-0.5%
GBP/USD	1.26	0.1%
DXY	101.40	0.1%
<i>Commodities</i>		
WTI	68.56	-0.1%
Brent	72.50	0.2%
Mexican mix	60.72	0.0%
Gold	2,050.28	0.6%
Copper	386.30	0.5%

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

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