

APRIL 15, 2024

### Worrying Acceleration of Inflation

The Consumer Price Index (CPI) in the United States accelerated unexpectedly in March. Following this news, the futures market discarded the possibility of a rate cut in June, now only anticipating two cuts this year. There is particular concern for the service inflation excluding housing ("Supercore"), which grew at an annualized rate of 8.2% over the last three months. Additionally, oil prices reached their highest level in six months due to geopolitical tensions, contributing to increased inflationary pressure. Consequently, Treasury bond rates also rose, with the ten-year rate surpassing 4.5%. The European Central Bank (ECB) held rates steady, though it anticipates cuts by June, getting ahead of the Fed. This led the euro to its lowest level in a year. The earnings season began with some banks reporting lower than expected. This week, Goldman Sachs, Morgan Stanley, and Netflix are due to report.

**Inflation Surprises to the Upside.** Inflation is not moving in the direction the Fed was aiming for. The CPI rose by 0.4% month-over-month in March, consistent with the previous month's figure but higher than the consensus of 0.3%. On a y/y basis, the rate was 3.5%, exceeding both February's 3.2% and the expected 3.4%. The rise in energy significantly contributed to the acceleration of inflation, as did the supercore inflation, which climbed 4.8% y/y and 8.2% annualized over the last three months. The futures market's response was a drastic reduction in the likelihood of a rate cut in June, from nearly 50% the previous week to less than 20%, with fewer cuts expected in 2024. Now, fewer than two 25-basis-point cuts are anticipated, compared to nearly four a week ago and more than six by the end of last year.

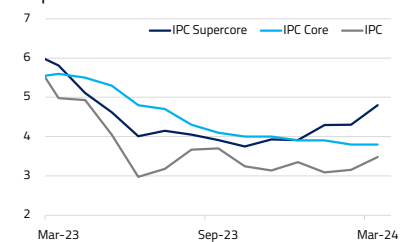
**European Central Bank Decided to Cut in June.** After keeping rates unchanged at its last meeting, the ECB suggested it is ready to start cutting rates in June. This is due to the slowing inflation, which is approaching the 2% target, and to anemic economic growth. Thus, the ECB would be preempting the Fed's cuts, which led to the euro reaching its lowest level in a year.

**Disappointments in the First Quarter's Initial Results.** The earnings season started with disappointing results for Citi, Wells Fargo, and JPM. This week, results from 40 companies are expected, half of them financial, and the beginning of reports from major tech companies, with Netflix reporting on Thursday. The expected earnings growth for the first quarter of 2024 is 3% y/y.

	Weekly Close	Last Week	Year To Date
S&P 500	5.123	(1,5)	7,9
Dow Jones	37.983	(2,4)	1,3
NASDAQ	16.175	(0,4)	8,0
Stoxx 600	505	(0,3)	5,5
Shanghai	3.476	(2,6)	1,3
Bovespa	125.946	(0,7)	(6,1)
Merval	1.185	2,1	23,2
Brent	90,5	(0,8)	17,4
Gold	2.344,4	0,6	13,6
EUR/USD	1,06	(1,8)	(3,6)
DXY	106,0	1,7	4,6
2Y Treas.	4,90	15	47
10Y Treas.	4,52	12	65
30Y Treas.	4,63	8	67

### Inflation in the US Accelerated

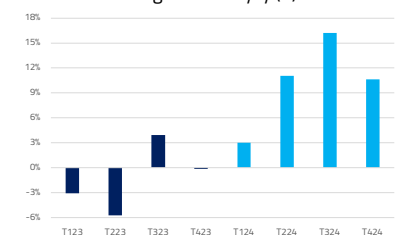
Inflation Measured by CPI, Core, and Supercore



Source: US Bureau of Labor Statistics

### High Expectations, Weak Start.

S&P 500 Earnings Growth y/y (%)



Source: Yardeni

**WEEKLY RETURNS**
**Variations Expressed in %**

Name	Price	5D	1M	3M	YTD	1Year	Max 52w	Min 52w	Var Max 52w	Var Min 52w
<b>Equity</b>										
S&P 500	5.123	(1,5)	0,2	7,5	7,9	25,8	5.254	4.056	(2,5)	26,3
Nasdaq 100	16.175	(0,4)	1,3	8,2	7,8	33,4	16.442	11.799	(1,6)	37,1
DJIA	37.983	(2,4)	(1,8)	1,5	1,3	14,5	39.807	32.418	(4,6)	17,2
Russell 2000	10.726	(2,9)	(1,7)	3,0	(0,8)	14,2	11.373	8.700	(5,7)	23,3
MSCI ACWI	411	(1,4)	(0,1)	6,1	5,8	18,9	420	335	(2,2)	22,5
MSCI ACWI EX US	298	(1,0)	(0,6)	3,9	2,8	8,7	304	253	(1,9)	18,0
MSCI EM	546	(0,3)	0,9	5,1	2,3	6,9	555	473	(1,5)	15,4
Argentina: Merval (CCL)	1.185	2,1	19,0	33,2	23,2	65,6	1.201	647	(1,4)	83,2
MSCI Brazil	564	(2,2)	(3,0)	(9,3)	(10,9)	14,7	637	462	(11,5)	21,9
MSCI México	56.566	(2,5)	0,7	1,9	(1,2)	7,4	58.712	48.198	(3,7)	17,4
MSCI ASIA	631	(0,1)	1,0	6,7	3,3	5,8	641	547	(1,6)	15,4
MSCI ASIA EX JAPAN	528	(0,3)	0,5	5,7	2,3	3,3	537	464	(1,6)	13,8
MSCI CHINA	3.476	(2,6)	(3,2)	4,8	(0,6)	(17,4)	4.162	3.180	(16,5)	9,3
S&P BSE Sensex	890	(0,2)	1,6	1,9	2,7	22,1	900	714	(1,1)	24,6
Stoxx 600	505	(1,8)	(1,9)	3,6	2,4	7,9	513	430	(1,4)	17,6
<b>Fixed Income</b>										
<b>US</b>										
US Bloomberg Agg	2.108	(0,7)	(0,8)	(2,2)	(2,5)	(0,1)	2.169	1.978	(2,8)	6,5
US High Yield	2.490	(0,6)	(0,4)	0,5	0,4	9,0	2.517	2.257	(1,1)	10,3
Global Agg	454	(1,0)	(1,4)	(2,7)	(3,7)	(1,4)	473	429	(4,0)	5,8
Global High Yield	428	(0,8)	(0,8)	0,3	0,2	8,6	433	388	(1,2)	10,2
<b>United States Treasury Bonds</b>										
FED Rate	5,33					50	5,33	4,83		50
2 Years	4,90	15	17	75	(17)	80	5,22	3,79	(33)	111
5 Years	4,56	16	57	107	20	129	4,96	3,30	(40)	126
10 Years	4,52	12	59	96	20	138	4,99	3,34	(47)	119
30 Years	4,63	8	47	72	4	116	5,11	3,66	(48)	97
<b>Currencies &amp; Commodities</b>										
Euro (USD/EUR)	1,06	(1,8)	(2,3)	(2,8)	(3,6)	(3,2)	1,12	1,05	(5,3)	1,7
Yen (JPY/USD)	153,23	(1,1)	(2,7)	(5,4)	(8,0)	(12,7)	153,27	132,58	(0,0)	15,6
Real (BRL/USD)	5,12	(1,0)	(2,4)	(5,2)	(5,1)	(4,1)	5,17	4,73	(1,0)	8,3
Uruguayano (UYU/USD)	38,79	(0,6)	(0,9)	1,1	0,1	0,4	40,06	37,38	(3,2)	3,8
Peso Argentino (ARS/USD)	1.054,18	0,1	0,9	9,5	(8,6)	(61,9)	1.335,70	396,88	(21,1)	165,6
Gold	2.344,4	0,6	8,7	14,4	13,6	17,0	2.372,5	1.820,3	(1,2)	28,8
Oil	90,45	(0,8)	6,0	15,5	17,4	4,8	96,55	71,84	(6,3)	25,9
Gas	1,77	(0,8)	6,9	(46,6)	(29,6)	(16,3)	3,58	1,58	(50,5)	12,4

Source: Bloomberg y Latin Securities

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