

Santander AM Latin American Equity Opportunities

4 / 2023

Fund commentary

A good month for the global stock markets was the one observed during the month of April recently, while the ACWI rented 1.3%, thus accumulating 8.2% in the accumulated figure for the year. Latin America presented a rise of 3.0 %, driven mainly by Brazil and Mexico and thus accumulating 7.4% so far this year.

The market continues to revolve around when the date of the first rate cuts in the different markets will be, always combined with the possibility and magnitude of a recession that causes said cuts. At the micro level, the first quarter earnings season is beginning to make headlines and market movements.

Thus, while in Brazil we see a return of 2.5% in April due to the market's commitment to rate cuts soon, in Mexico corporate results continue to support the good momentum of the market, which has already accumulated 13.7% in the year thanks to the 2.3% obtained in April.

Finally, at the level of the Andean markets, Colombia stands out on a monthly basis thanks to a stock market rebound after a poor start to the year

In a long-term perspective, Latin American stocks are trading at extremely low valuations, while the approval of the fiscal framework could have a marginal positive impact on Brazilian asset prices, the continued improvement in GDP expectations for 2023 could support the rally in Mexican stocks. Furthermore, for the entire region, the increasingly likely end of the US interest rate hike cycle may offer another ingredient for Latam Equities

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