

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields down, and the USD higher.** There is some optimism that the Fed will cut rates this year while companies are posting positive surprises in terms of earnings. Nevertheless, risks persist in the geopolitical front
- **Regarding economic data, March's retail sales for the Eurozone were better than expected at 0.8% m/m.** In Mexico, April's consumer confidence stood at 47.3pts, in line with the figure from the previous month –noting improvements in two components with one unchanged. Later, we will be looking into the private sector expectations survey
- **On the monetary front, attention will be on comments from Kashkari (Minneapolis), this after comments from Barkin (Richmond) yesterday who mentioned that the effects from monetary tightening haven't fully materialized.** On the ECB, the Governor of the Bank of Spain, Pablo Hernández de Cos, mentioned before the Spanish Parliament that they cannot commit to a specific rate path, but if conditions are right, a rate cut could come in June
- **Israeli troops took control of the border crossing in Rafah (in Gaza) for the first time since the conflict started.** According to several reports, the flow of people and aid through this point has been halted while talks about a cease fire don't show relevant progress
- **In Japan, the person in charge of the currency in the MoF, Masato Kanda, stated that they may have to take action to avoid disorderly moves in the yen.** It must be noted that this happens after signs of interventions in the currency markets in the last couple of weeks

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
2:00	GER Trade balance - Mar	EURbn	--	22.4	21.4
5:00	EZ Retail sales* - Mar	% m/m	--	0.7	-0.5
Mexico					
8:00	Consumer confidence* - Apr	index	47.5	--	47.3
11:00	International reserves - May 3	US\$bn	--	--	217.2
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 30-year Mbono (Jul'53), 3-year Udibono (Dec'26) and 1-, and 3-year Bondes F				
16:30	Banamex Survey of Economists				
United States					
11:30	Fed's Kashkari Participates in Fireside Chat at the Milken Institute Global Conference				
15:00	Consumer credit* - Mar	US\$bn	--	15.0	14.1

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	5,211.00	0.1%
Euro Stoxx 50	4,985.81	0.6%
Nikkei 225	38,835.10	1.6%
Shanghai Composite	3,147.74	0.2%
Currencies		
USD/MXN	16.85	-0.2%
EUR/USD	1.08	0.1%
DXY	105.14	0.1%
Commodities		
WTI	78.05	-0.5%
Brent	82.90	-0.5%
Gold	2,316.44	-0.3%
Copper	459.85	-0.8%
Sovereign bonds		
10-year Treasury	4.44	-4pb

Source: Bloomberg

Equities

- Increases in the main indexes, where investors are assessing earnings results that have been mostly positive and adjusting the monetary outlook
- In the US, Nasdaq futures anticipate a slightly negative opening with a 0.1% decline below its theoretical value. Meanwhile, Europe trades with gains and the Eurostoxx is up 0.6%. UBS rises more than 9.0% after reporting better-than-expected earnings. Asia closed with a positive bias, with the Nikkei climbing 1.6%
- Out of 22 S&P500 companies releasing results today, 11 have already released results, most of them better than expected. On the negative side, Walt Disney (-6.1% pre-opening) reported better-than-expected earnings, but disappointed in streaming figures. In Mexico, the focus will be on any update on Amx's outlook at its investor day

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. 10-year European rates decline 2bps, on average, while Treasuries' curve records a flattening bias with gains of up to 3bps at the long-end. Yesterday, Mbonos lost between 1bp and 4bps, with the 10-year benchmark closing 9.58% (+2bps)
- Dollar advances against most of the G10 currencies, with JPY (-0.4%) as the weakest. In EM, the performance is mixed limited by +/-0.3%. Meanwhile, MXN trades between 50-day MA (16.80) and 100-day MA (16.93) at 16.85 per dollar, gaining 0.2%
- Crude-oil futures offset yesterday's gains. The focus is on the evolution of the conflict in Middle East after Israel rejected a cease-fire agreed by Hamas. In metals, gold declines 0.4% after a 1.0% rally yesterday

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,852.27	0.5%
S&P 500	5,180.74	1.0%
Nasdaq	16,349.25	1.2%
IPC	57,282.95	0.3%
Ibovespa	128,465.69	0.0%
Euro Stoxx 50	4,956.96	0.7%
FTSE 100	8,213.49	0.0%
CAC 40	7,996.64	0.5%
DAX	18,175.21	1.0%
Nikkei 225	38,236.07	0.0%
Hang Seng	18,578.30	0.6%
Shanghai Composite	3,140.72	1.2%
Sovereign bonds		
2-year Treasuries	4.83	1pb
10-year Treasuries	4.49	-2pb
28-day Cetes	11.04	-1pb
28-day TIIE	11.24	0pb
2-year Mbono	10.50	1pb
10-year Mbono	9.60	1pb
Currencies		
USD/MXN	16.88	-0.5%
EUR/USD	1.08	0.1%
GBP/USD	1.26	0.1%
DX	105.05	0.0%
Commodities		
WTI	78.48	0.5%
Brent	83.33	0.4%
Mexican mix	74.35	0.5%
Gold	2,323.97	1.0%
Copper	461.50	1.3%

Source: Bloomberg

Corporate Debt

- PCR Verum downgraded the rating for issue GHOCB 14 (Grupo Herradura Occidente's ABS) to 'D/M' from 'C/M'. The downgrade follows the partial payment of the April 30 interest coupon, having covered only MXN 19.8 million of a total of MXN 86.3 million. This situation is considered a default on the original terms of the transaction, as well as those agreed at subsequent bondholders' meetings
- Moody's Local Mexico assigned a 'AAA.mx' rating to Sigma Alimentos' proposed issue, SIGMA 24-3. The rating reflects its unique competitive strengths in the local and international market, supported by its production scale and the value of its distribution network

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