

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets mixed with S&P Futures negative, government bond yields up and USD with gains fading the recent rally in stocks as the earning season winds down, leaving investors to wait for new data to gauge how fast policymakers will be able to begin cutting rates**
- **On the monetary policy front, the Bank of England left its benchmark interest rate unchanged at 5.25%. In the afternoon, attention on Banxico's decision where we expect the rate unchanged at 11.00%. In addition, the Central Bank of Peru will also announce its monetary stance**
- **In terms of economic figures, in US the initial jobless claims were published for the week ending May 4, posting a rebound from 209k the previous week to 231k, reflecting in some way the situation in the last employment report**
- **In Mexico, INEGI published April's inflation at 0.20% m/m –surprising slightly higher–, with the core at 0.21%. As such, annual inflation climbed to 4.65% (previous: 4.42%), with the core lower at 4.37% (previous: 4.55%)**

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



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



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



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



www.banorte.com/analisiseconomico
[@analisis_fundam](https://twitter.com/analisis_fundam)

Winners of the awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
7:00	Monetary policy decision (BoE)	%	--	5.25	5.25
Mexico					
8:00	Consumer prices - Apr	% m/m	0.20	0.19	0.29
8:00	Core - Apr	% m/m	0.25	0.24	0.44
8:00	Consumer prices - Apr	% y/y	4.65	4.61	4.42
8:00	Core - Apr	% y/y	4.40	4.29	4.55
15:00	Monetary policy decision (Banxico)	%	11.00	11.00	11.00
United States					
8:30	Initial jobless claims* - May 8	thousands	210	214	218
Peru					
19:00	Monetary policy decision (BCRP)	%	--	5.75	6.00

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,209.00	-0.1%
Euro Stoxx 50	5,038.13	0.0%
Nikkei 225	38,073.98	-0.3%
Shanghai Composite	3,154.32	0.8%
Currencies		
USD/MXN	16.93	0.2%
EUR/USD	1.08	0.1%
DX	105.43	-0.1%
Commodities		
WTI	79.67	0.9%
Brent	84.07	0.6%
Gold	2,325.62	0.7%
Copper	457.15	0.2%
Sovereign bonds		
10-year Treasury	4.49	0pb

Source: Bloomberg

Equities

- Mixed movements in equity markets with investors digesting diverging signals in the latest corporate reports
- In the US, the futures of the main stock indexes point to a negative opening with a 0.2% drop on average. Europe trades with a positive bias, although the Eurostoxx remains unchanged. Shares of companies in the energy and communication sectors lead gains, while consumer discretionary and financial shares are the ones that fall the most. In Asia, stock markets closed mixed
- On corporate news, Airbnb is down more than 9.3% ahead of the open after indicating a more cautious outlook for 2Q24 earnings. Today, 12 S&P500 companies will report results, most already released, with mixed numbers, highlighting Warner Bros' below-expectations report

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. The 10-year European rates rise 2bps, on average, and the Treasuries' yield curve print a steepening bias, adjusting -2bps at short-end and +3bps at the long-end. Yesterday, Mbonos closed with modest losses and 10-year benchmark at 9.63% (+2bps)
- Dollar slightly positive against most of the G10, with GBP (-0.2%) as the weakest. In EM, the bias is also negative with RUB (-1.1%) and BRL (-0.9%) leading losses. Meanwhile, the MXN trades very close to its 100-day MA at 16.93 per dollar, equivalent to a 0.2% depreciation
- Crude-oil futures jump following a drop in US inventories. Separately, the Biden administration raised the price it's willing to pay to refill the country's emergency oil reserves (SPR) to 79.99 \$/bbl. It is the first time an explicit ceiling has been set

Corporate Debt

- S&P Global Ratings assigned an 'mxAAA' rating to CABEL's (Central American Bank for Economic Integration) proposed social bond issues, CABEL 1-24S / 2-24S. The agency considers CABEL to be an important provider of multilateral financing to its members and it has enhanced its franchise value in the region by providing quick responses to members amid volatile conditions
- The CABEL 1-24S / 2-24S issuances are intended to be placed for up to MXN 5 billion and will have terms of 3.6 and 10 years, respectively. It is important to mention that the multilateral bank is rated 'AA' by S&P Global Ratings and 'Aa3' by Moody's on an international scale

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,056.39	0.4%
S&P 500	5,187.67	0.0%
Nasdaq	16,302.76	-0.2%
IPC	57,081.00	0.0%
Ibovespa	129,480.89	0.2%
Euro Stoxx 50	5,038.17	0.4%
FTSE 100	8,354.05	0.5%
CAC 40	8,131.41	0.7%
DAX	18,498.38	0.4%
Nikkei 225	38,202.37	-1.6%
Hang Seng	18,313.86	-0.9%
Shanghai Composite	3,128.48	-0.6%
Sovereign bonds		
2-year Treasuries	4.84	1pb
10-year Treasuries	4.49	4pb
28-day Cetes	11.01	-2pb
28-day TIIE	11.24	0pb
2-year Mbono	10.53	-1pb
10-year Mbono	9.64	2pb
Currencies		
USD/MXN	16.90	0.0%
EUR/USD	1.07	-0.1%
GBP/USD	1.25	-0.1%
DX	105.55	0.1%
Commodities		
WTI	78.99	0.8%
Brent	83.58	0.5%
Mexican mix	74.47	0.4%
Gold	2,308.85	-0.2%
Copper	454.25	-1.4%

Source: Bloomberg

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Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernández
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugo.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904