

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields mixed and USD with gains, as investors continue assimilating recent economic data that has fueled bets that the Federal Reserve will be able to start cutting interest rates later this year, while also attentive to several comments from its members**
- **On the monetary policy front, markets will focus on the Fed speakers agenda that includes comments from Bowman, Logan, Kashkari, Goolsbee and Barr for further signals on the Fed's stance**
- **In terms of economic figures, in US the University of Michigan consumer sentiment indicator for May will be published, where a moderation is estimated due to persistent inflationary pressures. Later, China will release inflation figures for April, both on the consumer and producer sides. While in Brazil, April inflation was reported at 0.38% (consensus: 0.35%; previous: 0.16%). With this, the annual metric stood at 3.69%, slightly above consensus, but below the previous data (3.93%) and within the central bank's inflation target band**
- **In Mexico, INEGI published March's industrial production at +0.6% m/m (-3.0% y/y). Strength centered in construction (1.1%) and manufacturing (0.8%). On the contrary, mining fell 1.2%. April's wage negotiations will be published later**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
2:00	Gross domestic product - 1Q24 (P)	% y/y	--	0.0	-0.2
2:00	Gross domestic product* - 1Q24 (P)	% q/q	--	0.4	-0.3
2:00	Industrial production* - Mar	% m/m	--	-0.5	1.1
Brazil					
8:00	Consumer prices - Apr	% y/y	--	0.35	0.16
8:00	Consumer prices - Apr	% m/m	--	3.66	3.93
Mexico					
8:00	Industrial production - Mar	% y/y	-3.0	-2.7	3.3
8:00	Industrial production* - Mar	% m/m	0.6	0.6	-0.1
8:00	Manufacturing output - Mar	% y/y	-4.4	--	2.3
	Wage negotiations - Apr	% y/y	--	--	9.2
United States					
10:00	U. of Michigan Confidence* - May (P)	index	75.5	76.2	77.2
12:45	Fed's Goolsbee Speaks in Moderated Q&A				
China					
21:30	Consumer prices - Apr	% y/y	--	0.1	0.1

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

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



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,255.75	0.3%
Euro Stoxx 50	5,089.10	0.7%
Nikkei 225	38,229.11	0.4%
Shanghai Composite	3,154.55	0.0%
Currencies		
USD/MXN	16.76	-0.1%
EUR/USD	1.08	0.0%
DXY	105.27	0.0%
Commodities		
WTI	79.80	0.7%
Brent	84.35	0.6%
Gold	2,372.03	1.1%
Copper	470.55	2.1%
Sovereign bonds		
10-year Treasury	4.47	2pb

Source: Bloomberg

Equities

- Widespread gains in main stock indices. Europe trades with gains of 0.8% on average, while in Asia the Hang Seng advanced 2.3%. In Mexico, the Mexbol may consolidate close to 58,000pts
- Futures in the US anticipate a positive open with the S&P500 trading 0.3% above its theoretical value and approaching again to all-time highs. The reporting season has not only boosted appetite for tech stocks, but is even beginning to spread to value companies and some cyclical, underpinned by sustained earnings growth
- In the final stretch of reports in the US, the balance remains positive. With 92% of the S&P500 figures, there is a cumulative increase in earnings of 5.5% vs 3.9%. The positive surprise rate stands at 79.2%

Sovereign fixed income, currencies and commodities

- Mixed performance between main sovereign bond benchmarks with Europe holding an appreciation of ~2bps, while Treasuries observe pressures of 2bps, on average. Yesterday, Mexican curves moderated the day's appreciation following Banxico's decision, heading for weekly losses in Mbonos of ~3bps vs a stronger performance in Udibonos
- Slightly stronger USD and performing better against developed currencies, albeit within narrow ranges. In emerging markets, the bias is more positive with MXN appreciating by 0.13% at 16.75.
- Oil advances, extending the week's rally to three days with WTI approaching levels from the beginning of the month. Additionally, it's worth Brent's trading range has been the narrowest since March. Metals are positive with gold at 3-week highs, while deficit outlooks drive copper to surpass US\$ 10,000 per ton on the LME

Corporate Debt

- HR Ratings downgraded the rating of GHOCB 14 (ABS of Grupo Herradura Occidente) to 'HR D (E)' from 'HR C (E)' and changed the Negative Observation to Ongoing Review. According to the agency, the downgrade revision is based on the relevant event published on April 26th, 2024, which indicated the default of the 39th interest coupon payment of the issue, for a total amount of MXN 86.3 million of the total due, only the partial payment of MXN 19.8 million was made, equivalent to 22.9% of the obligation
- The GHOCB 14 issue is backed by revenues derived from the commercial operation of a fleet of buses operated and managed by Grupo Herradura Occidente (GHO). Currently, the bond has an outstanding amount of MXN 3.61 billion, legal maturity in July 2029

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,387.76	0.8%
S&P 500	5,214.08	0.5%
Nasdaq	16,346.26	0.3%
IPC	57,846.08	1.3%
Ibovespa	128,188.34	-1.0%
Euro Stoxx 50	5,054.41	0.3%
FTSE 100	8,381.35	0.3%
CAC 40	8,187.65	0.7%
DAX	18,686.60	1.0%
Nikkei 225	38,073.98	-0.3%
Hang Seng	18,537.81	1.2%
Shanghai Composite	3,154.32	0.8%
Sovereign bonds		
2-year Treasuries	4.82	-2pb
10-year Treasuries	4.45	-4pb
28-day Cetes	11.01	0pb
28-day TIIE	11.24	0pb
2-year Mbono	10.55	2pb
10-year Mbono	9.64	0pb
Currencies		
USD/MXN	16.78	-0.7%
EUR/USD	1.08	0.3%
GBP/USD	1.25	0.2%
DX	105.23	-0.3%
Commodities		
WTI	79.26	0.3%
Brent	83.88	0.4%
Mexican mix	74.89	0.6%
Gold	2,346.33	1.6%
Copper	458.50	0.9%

Source: Bloomberg

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