

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets mixed, government bond yields lower, and USD biased to the downside. Modest adjustments as investors wait for new catalysts, especially April's inflation in the US, apart from movements on specific news in companies such as Apple, Alphabet, and GameStop
- In today's session, focus on speeches from Mester and Jefferson of the Fed. In Mexico, the release of April's same-store sales from ANTAD
- Market attention this week on April inflation in the US, with assets still very sensitive to price dynamics on the back of its potential effect on monetary policy. We estimate +0.4% m/m for the headline (consensus:0.4%) and 0.3% at the core
- On the other hand, China will announce the 1-, and 5-year loan prime rates. We only highlight the monetary policy decisions in Romania and the Philippines. Moreover, several speeches from ECB members, along with its Financial Stability Review
- In relevant events, two meetings in Brussels, among Eurozone finance ministers and the other of NATO military leaders. On the other hand, Russian President Vladimir Putin will visit China
- Other important US figures include producer prices, retail sales, industrial production, housing starts, and building permits (Apr), along with regional manufacturing indicators Empire and Philly Fed (May)
- In other regions, 1Q24 GDP in Japan and the Eurozone, with the latter region also releasing industrial production (Mar). The unemployment rate (Mar) in the UK; ZEW survey (May) in Germany; and activity data for April in China
- Lastly, no economic data in Mexico, albeit with the third presidential debate on Sunday

### The most relevant economic data...

Event/Period	Unit	Banorte	Survey	Previous
<b>Mexico</b>				
ANTAD same-store sales - Apr	% y/y	--	--	7.9
<b>United States</b>				
9:00 Fed's Mester, Jefferson Discuss Central Bank Communications				

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.
<b>Equity indices</b>		
S&P 500 Futures	5,258.00	0.2%
Euro Stoxx 50	5,076.99	-0.2%
Nikkei 225	38,179.46	-0.1%
Shanghai Composite	3,148.02	-0.2%
<b>Currencies</b>		
USD/MXN	16.74	-0.2%
EUR/USD	1.08	0.2%
DXY	105.14	-0.1%
<b>Commodities</b>		
WTI	78.77	0.7%
Brent	83.30	0.6%
Gold	2,348.41	-0.5%
Copper	475.15	1.2%
<b>Sovereign bonds</b>		
10-year Treasury	4.48	-2pb

Source: Bloomberg

## Equities

- Mixed movements as the US earnings season nears its final stage. The balance has been positive. This week, reports from only 7 S&P500 companies, highlighting: Cisco Systems, Deere & Co, Home Depot, and Walmart
- Asian markets closed mixed. In Europe stocks fall, with the Eurostoxx at -0.2%. Healthcare and utilities sectors lead losses. On the other hand, US futures point to a positive opening by rising 0.2% on average. Media reports mentioned that Apple (+1.3% on pre-market) is close to reaching an agreement with OpenAI to use its AI technology in the iPhone. Also noteworthy is GameStop's pre-market stock price rise of more than 37%
- In Mexico, we expect a trading range for the IPC this week between 56,500 and 58,600pts

## Sovereign fixed income, currencies and commodities

- Ten-year European rates decline 2bps on average, while the Treasuries' yield curve gains 2bps at the short-end, with few changes at the long-end. Last week, Mbonos averaged losses of 16bps, with the belly most affected (+20bps). Given a worse performance in local rates vs Treasuries, the local risk premium rose to 524bps from 505bps a week ago
- Dollar down against all G10 currencies, with AUD (+0.3%) leading . In EM, the bias is mixed. The MXN trades at 16.74 per dollar, equivalent to an appreciation of 0.2%, gaining 2.4% so far this month. We expect a weekly trading range between 16.60 and 17.10 per dollar
- Crude-oil futures jump on signs that China, the top crude oil importer, may do more to boost growth. In metals, copper hits new 2-year highs

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	39,512.84	0.3%
S&P 500	5,222.68	0.2%
Nasdaq	16,340.87	0.0%
IPC	57,718.04	-0.2%
Ibovespa	127,599.57	-0.5%
Euro Stoxx 50	5,085.08	0.6%
FTSE 100	8,433.76	0.6%
CAC 40	8,219.14	0.4%
DAX	18,772.85	0.5%
Nikkei 225	38,229.11	0.4%
Hang Seng	18,963.68	2.3%
Shanghai Composite	3,154.55	0.0%
<b>Sovereign bonds</b>		
2-year Treasuries	4.87	5pb
10-year Treasuries	4.50	4pb
28-day Cetes	11.03	2pb
28-day TIIE	11.24	0pb
2-year Mbono	10.61	6pb
10-year Mbono	9.75	10pb
<b>Currencies</b>		
USD/MXN	16.78	0.0%
EUR/USD	1.08	-0.1%
GBP/USD	1.25	0.0%
DX	105.30	0.1%
<b>Commodities</b>		
WTI	78.26	-1.3%
Brent	82.79	-1.3%
Mexican mix	73.94	-1.3%
Gold	2,360.50	0.6%
Copper	466.25	1.7%

Source: Bloomberg

## Corporate Debt

- This week we expect the first long-term corporate placements of the month with the participation of Sigma Alimentos, SIGMA 24 (floating rate) / 24-3 (fixed rate), and Toyota Financial Services Mexico, TOYOTA 24 (floating rate) / 24-2 (fixed rate), for MXN 7 billion. We highlight that both will be carried out through communicating vessels, so we will keep our attention on the results of the auctions and the preference by rate type
- HR Ratings affirmed its 'HR AAA' ratings for Sociedad Hipotecaria Federal with a Stable outlook. The ratification is based on the explicit support from the Federal Government in its passive operations

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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