

## Financial Markets Daily

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

- Government bond yields and stock markets mixed –with S&P500 futures lower– and with the USD higher while investors get ready for inflation figures in the US that provide some direction for markets. Today PPI was released, expecting CPI tomorrow
- In the US, April's PPI came in above expectations at 0.5% m/m (2.2% y/y), impacting expectations of cuts from the Fed. In the Eurozone, the final revision for inflation from the same month was released, coming in line with the preliminary print at 2.4%. Germany's ZEW expectations survey showed a mild improvement in May to 47.1pts
- Regarding trade issues, it is expected that President Biden announces today formally the introduction to tariffs on about US\$18 billion in goods imported from China. Items subject to higher duties include semiconductors, batteries, industrial metals, EVs, and medical supplies, among others. Adjustments would be progressive for some sectors, with final charges applied until 2026
- On the monetary front, attention will center on comments from Fed Chairman, Jerome Powell, in a forum in the Netherlands. In addition, we will have a speech from Lisa Cook in an event from the NY Fed. Meanwhile, the BoJ gave some signs that they would be ready to reduce bond purchases to ease some pressures on the Yen
- China's government confirmed the visit of Russian President, Vladimir Putin, at the end of the week. On the other hand, US Secretary of State, Anthony Blinken, visited Ukraine, reaffirming the support of his country to the war effort

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>UK and Germany</b>					
2:00	UK Unemployment rate* - Mar	%	--	4.3	4.2
2:00	GER Consumer prices - Apr (F)	% y/y	--	2.2	2.2
5:00	GER ZEW Survey (Expectations) - May	index	--	45.9	42.9
<b>United States</b>					
8:30	Producer prices* - Apr	% m/m	--	0.3	0.2
8:30	Ex. food & energy* - Apr	% m/m	--	0.2	0.2
10:00	Fed Chair Powell, ECB's Knot Speak				
<b>Mexico</b>					
11:00	International reserves - May 10	US\$bn	--	--	217.7
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43) and 2-, and 5-year Bondes F				

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

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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



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### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	5,242.25	-0.1%
Euro Stoxx 50	5,077.05	0.0%
Nikkei 225	38,356.06	0.5%
Shanghai Composite	3,145.77	-0.1%
<b>Currencies</b>		
USD/MXN	16.82	0.1%
EUR/USD	1.08	0.1%
DX	105.15	-0.1%
<b>Commodities</b>		
WTI	78.54	-0.7%
Brent	82.87	-0.6%
Gold	2,348.28	0.5%
Copper	486.50	1.3%
<b>Sovereign bonds</b>		
10-year Treasury	4.48	0pb

Source: Bloomberg

## Equities

- Caution in risk assets as investors assess the monetary outlook in the coming days. Today, changes to the quarterly rebalancing of MSCI indices will be announced after the market close, effective at the close of May 31<sup>st</sup>, 2024, which could add further volatility to equity markets as of the next session
- In the US, the futures of the main stock indexes point to a negative opening. Europe trades mixed, although with no clear trend in the Eurostoxx. Shares of companies in the consumer discretionary and materials sectors lead gains, while those in the health care and technology sectors fall the most. In Asia, stock markets closed mostly negative
- Home Depot (+0.6% pre-market) reported slightly better than expected, although they informed that home improvement spending remains weak

## Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. 10-year European rates increase 3bps, on average, while Treasuries' curve records modest gains of 1bp. Yesterday, Mbonos printed few changes, with the 10-year benchmark closing 9.74% (-1bp)
- Dollar slightly positive amid mixed performance in the G10 currencies (+/-0.2%). In EM, the bias is positive with CLP (+0.5%) leading gains. Meanwhile, MXN trades at 16.81 per dollar with a depreciation of 0.1%
- Crude-oil futures decline after OPEC data showed that countries participating in the latest round of output cuts are exceeding their quotas. Widespread losses in industrial metals, but gold advances 0.5%

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	39,431.51	-0.2%
S&P 500	5,221.42	0.0%
Nasdaq	16,388.24	0.3%
IPC	57,731.12	0.0%
Ibovespa	128,154.79	0.4%
Euro Stoxx 50	5,078.96	-0.1%
FTSE 100	8,414.99	-0.2%
CAC 40	8,209.28	-0.1%
DAX	18,742.22	-0.2%
Nikkei 225	38,179.46	-0.1%
Hang Seng	19,115.06	0.8%
Shanghai Composite	3,148.02	-0.2%
<b>Sovereign bonds</b>		
2-year Treasuries	4.86	0pb
10-year Treasuries	4.49	-1pb
28-day Cetes	11.05	2pb
28-day TIIE	11.24	0pb
2-year Mbono	10.63	2pb
10-year Mbono	9.76	1pb
<b>Currencies</b>		
USD/MXN	16.80	0.2%
EUR/USD	1.08	0.2%
GBP/USD	1.26	0.3%
DX	105.22	-0.1%
<b>Commodities</b>		
WTI	79.12	1.1%
Brent	83.36	0.7%
Mexican mix	74.48	0.7%
Gold	2,336.32	-1.0%
Copper	476.60	2.2%

Source: Bloomberg

## Corporate Debt

- Grupo Industrial Saltillo (GISSA) announced the signing of a syndicated loan agreement for up to US\$190 million with a 6-year term and a 5-year revolving credit facility of up to US\$25 million. The proceeds of the loans will be used to prepay the current syndicated loan
- HR Ratings affirmed the rating of DOIHICB 13 (Desarrollo y Operación de Infraestructura Hospitalaria de Ixtapaluca's Future Flow) at 'HR AAA (E)' with a Stable outlook, based on the adequate operating performance of the Hospital, which is reflected in the strength of its financial metrics

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	Reference
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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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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**  
Strategist, 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