Economic and Financial Markets Research

Economic Research and Market Strategy

# Financial Markets Daily

May 15, 2024

## Main drivers for the financial markets today…

- **Stock markets positive, with government bond yields lower, and the USD weakening as investors process inflation and other figures in the US, as well as its implications for the Fed**

- **In the US, April's CPI came in slightly below expectations at 0.3% m/m, with the core in line at 0.3%. With this, the annual prints adjusted to 3.4% and 3.6%, respectively. In addition, retail sales for the same month were unchanged (0.0% m/m), with the control group at -0.3%. In other regions, 1Q24 GDP in the Eurozone was in line with the preliminary print at 0.3% q/q, while March's industrial production expanded 0.6% m/m. Tonight we will be looking into Japan's GDP. In Mexico, the Ministry of Economy released FDI for 1Q24, with a total of US$20.3 billion (+9% y/y), a new historical high for the period**

- **On the monetary front, after Powell's comments yesterday which suggested caution, we will be looking into speeches from Barr, Kashkari, and Bowman. Meanwhile, in Argentina, the central bank cut rated by 1,000bps to 40% as the fight on inflation progresses**

- **In other news, China's government is considering buying millions of unsold homes to support the market. Meanwhile, the country's central bank continued implementing stimulus measures, now through a medium-term loan for US$17.3 billion**


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### The most relevant economic data…

| | Event/Period | Unit | Banorte | Survey | Previous |
|---|---|---|---|---|---|
| ***Eurozone*** | | | | | |
| 5:00 | Gross domestic product* - 1Q24 (P) | % q/q | -- | 0.3 | 0.3 |
| 5:00 | Industrial production* - Mar | % m/m | -- | 0.2 | 0.8 |
| ***Brazil*** | | | | | |
| 8:00 | Economic activity - Mar | % y/y | -- | -1.5 | 2.6 |
| 8:00 | Economic activity* - Mar | % m/m | -- | 0.0 | 0.4 |
| ***United States*** | | | | | |
| 8:30 | Empire manufacturing* - May | index | -10.0 | -10.0 | -14.3 |
| 8:30 | Consumer prices* - Apr | % m/m | 0.4 | 0.4 | 0.4 |
| 8:30 | Ex. food & energy* - Apr | % m/m | 0.3 | 0.3 | 0.4 |
| 8:30 | Consumer prices - Apr | % y/y | 3.5 | 3.4 | 3.5 |
| 8:30 | Ex. food & energy - Apr | % y/y | 3.7 | 3.6 | 3.8 |
| 8:30 | Advance retail sales* - Apr | % m/m | 0.4 | 0.4 | 0.7 |
| 8:30 | Ex autos & gas* - Apr | % m/m | -- | 0.1 | 1.0 |
| 8:30 | Control group* - Apr | % m/m | 0.1 | 0.1 | 1.1 |
| 12:00 | Fed's Kashkari speaks in fireside chat | | | | |
| ***Japan*** | | | | | |
| 19:50 | Gross domestic product* - 1Q24 (P) | % q/q | -- | -0.4 | 0.1 |

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 | 5,295.25 | 0.5% |
| Euro Stoxx 50 | 5,097.13 | 0.3% |
| Nikkei 225 | 38,385.73 | 0.1% |
| Shanghai Composite | 3,119.90 | -0.8% |
| ***Currencies*** | | |
| USD/MXN | 16.83 | -0.1% |
| EUR/USD | 1.09 | 0.4% |
| DXY | 104.59 | -0.4% |
| ***Commodities*** | | |
| WTI | 78.07 | 0.1% |
| Brent | 82.35 | 0.0% |
| Gold | 2,373.36 | 0.6% |
| Copper | 494.25 | 1.0% |
| ***Sovereign bonds*** | | |
| 10-year Treasury | 4.36 | -8pb |

Source: Bloomberg

## Equities

- **Positive bias in the main stock markets with investors assessing the recent inflation data in the US. Regarding corporate issues, only Cisco Systems' figures are expected at the close market**

- **In the US, futures anticipate a bullish opening with the Nasdaq rising 0.5% above its theoretical value. In Europe, the Eurostoxx 600 advanced for the ninth consecutive day, representing its longest winning streak since August 2021, driven by the expectation of higher profits for mining companies due to the increase in the price of copper. Asia closed with a negative bias, highlighting the fall of the Shanghai by 0.8% and the Hang Seng by 0.2%**

- **In Mexico, the Mexbol Index could reach around 57,700pts, following its US international counterparts**

## Sovereign fixed income, currencies and commodities

- **Positive reaction in sovereign bonds globally to US data, with the US Treasuries' curve rallying up to 10bps in the 2- to 10-year area, while the accumulated pricing the Fed for this year marking cuts of -47bps from -43bps yesterday. Pricing for September's meeting moved to -23bps from -20bps yesterday**

- **The USD weakens with all pairs possitive and also a good balance in EM, with the MXN at 16.83 (+0.1%), trading at 16.90 before the data**

- **Crude oil extending losses from yesterday with the IEA cutting its oil demand forecasts for this year amid a lower economic dynamism and milder weather in Europe. However, consumption will reach a high of 103 million barrels per day. DOE inventories today with API estimating a decrease. Gold losses modestly with copper at all time highs, with the latter also backed by a short squeeze in Comex**

## Corporate Debt

- **Moody's Local Mexico downgraded the ratings of Operadora de Servicios Mega (GF Mega) to 'CCC.mx' from 'B.mx'; the outlook remained Negative. The rating action considers the fact that most of the company's maturities are short-term debt and GF Mega needs access to wholesale funding for refinancing, as it lacks its own cash flows to cover all of its maturities in a timely manner**

- **HR Ratings affirmed the rating of Grupo Carso's proposed issues, GCARSO 24 / 24-2, at 'HR AAA' with a Stable outlook. The ratification considers the update of the historical information as of 1Q24, where a decrease of 2.1% in the total debt and 14.0% in net debt was observed**

**Previous closing levels**

| | Last | Daily chg. |
|---|---|---|
| ***Equity indices*** | | |
| Dow Jones | 39,558.11 | 0.3% |
| S&P 500 | 5,246.68 | 0.5% |
| Nasdaq | 16,511.18 | 0.8% |
| IPC | 57,231.75 | -0.9% |
| Ibovespa | 128,515.49 | 0.3% |
| Euro Stoxx 50 | 5,080.29 | 0.0% |
| FTSE 100 | 8,428.13 | 0.2% |
| CAC 40 | 8,225.80 | 0.2% |
| DAX | 18,716.42 | -0.1% |
| Nikkei 225 | 38,356.06 | 0.5% |
| Hang Seng | 19,073.71 | -0.2% |
| Shanghai Composite | 3,145.77 | -0.1% |
| ***Sovereign bonds*** | | |
| 2-year Treasuries | 4.81 | -5pb |
| 10-year Treasuries | 4.44 | -5pb |
| 28-day Cetes | 10.95 | -10pb |
| 28-day TIIE | 11.24 | 0pb |
| 2-year Mbono | 10.62 | -1pb |
| 10-year Mbono | 9.73 | -3pb |
| ***Currencies*** | | |
| USD/MXN | 16.85 | 0.3% |
| EUR/USD | 1.08 | 0.3% |
| GBP/USD | 1.26 | 0.3% |
| DXY | 105.01 | -0.2% |
| ***Commodities*** | | |
| WTI | 78.02 | -1.4% |
| Brent | 82.38 | -1.2% |
| Mexican mix | 73.50 | -1.3% |
| Gold | 2,358.12 | 0.9% |
| Copper | 489.50 | 2.7% |

Source: Bloomberg

## Analyst Certification.

**We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.**

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| | **Reference** |
|---|---|
| **BUY** | When the share expected performance is greater than the MEXBOL estimated performance. |
| **HOLD** | When the share expected performance is similar to the MEXBOL estimated performance. |
| **SELL** | When the share expected performance is lower than the MEXBOL estimated performance. |

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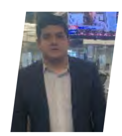

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