

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed, government bond yields down, and USD up, with investors awaiting more economic data and comments from Federal Reserve members on more clues, after recent US inflation figures reinforced bets that the central bank will be able to start cutting interest rates in September
- Regarding economic figures, in the US, jobless claims for the week ending May 11 were released at 222k (consensus 220k, previous 231k), adding to other indicators that have shown less strength in the labor market. Housing starts advanced 5.7% m/m in April, below expectations, while construction permits contracted again. In the manufacturing sector, the Philly Fed came in below expectations by 4.5pts. Industrial production will be published later
- In the evening, China will release gross fixed investment, industrial production and retail sales for April
- On the monetary policy front, comments are expected from Barr, Harker, Mester and Bostic of the Federal Reserve
- In México, ANTAD will release April's same-store sales

The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|----------------------|---|-----------|---------|--------|----------|
| United States | | | | | |
| 8:30 | Housing starts** - Apr | thousands | -- | 1,435 | 1,321 |
| 8:30 | Building permits** - Apr | thousands | -- | 1,487 | 1,467 |
| 8:30 | Initial jobless claims* - May 11 | thousands | 215 | 219 | 231 |
| 8:30 | Philadelphia Fed* - May | index | 10.0 | 6.0 | 15.5 |
| 9:15 | Industrial production* - Apr | % m/m | 0.2 | 0.2 | 0.4 |
| 9:15 | Manufacturing production* - Apr | % m/m | 0.0 | 0.1 | 0.5 |
| 10:30 | Fed's Harker Speaks on Higher Education, Healthcare | | | | |
| 12:00 | Fed's Mester Gives Remarks on Economic Outlook | | | | |
| 15:50 | Fed's Bostic Speaks in Moderated Chat on Economy | | | | |
| China | | | | | |
| 22:00 | Industrial production - Apr | % y/y | -- | 5.5 | 4.5 |
| 22:00 | Retail sales - Apr | % y/y | -- | 3.7 | 3.1 |
| 22:00 | Gross fixed investment (YTD) - Apr | % y/y | -- | 4.7 | 4.5 |

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 | 5,335.75 | 0.1% |
| Euro Stoxx 50 | 5,087.40 | -0.3% |
| Nikkei 225 | 38,920.26 | 1.4% |
| Shanghai Composite | 3,122.40 | 0.1% |
| Currencies | | |
| USD/MXN | 16.72 | 0.2% |
| EUR/USD | 1.09 | -0.2% |
| DXY | 104.47 | 0.1% |
| Commodities | | |
| WTI | 78.87 | 0.3% |
| Brent | 82.68 | -0.1% |
| Gold | 2,385.26 | 0.0% |
| Copper | 496.40 | -0.1% |
| Sovereign bonds | | |
| 10-year Treasury | 4.33 | -1pb |

Source: Bloomberg

Equities

- Mixed movements in major stock indices, after the US hit new all-time highs yesterday. Investors continue to digest positive corporate earnings and the expectation that the Fed's accommodative cycle will start this year
- Futures in the US anticipate a marginally positive open, with the S&P500 and Nasdaq trading 0.1% above their theoretical value. On corporate results, Walmart reported better-than-expected figures and anticipates a slightly better year-end
- In Europe, we see some negative bias with industrials leading the adjustments on expectations of lower demand from China, while Siemens lowered its guidance. In Asia, we observed positive closes, with the Hang Seng standing out by registering a 1.6% rise. In Mexico, the Mexbol Index could continue to consolidate near 57,500pts

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. The 10-year European rates hover between +/-2bps, and the Treasuries' yield curve prints a flattening bias, with gains of 2bps at the short-end and losses of 2bps at the long-end. Yesterday, Mbonos rallied 10bps, with the 10-year benchmark closing at 9.61% (-10bps)
- Dollar slightly positive against most of the G10, with AUD (-0.3%) as the weakest. In EM, the bias is positive with Asian currencies (+1.8%) leading. Meanwhile, the MXN trades at 16.72 per dollar (-0.2%), after gaining 1.0% yesterday
- Crude-oil futures jump following the first back-to-back drop in US inventories since March. Most of the industrial metals advance, while precious are falling. Gold and Silver adjust -0.2% and -0.8%, respectively

Corporate Debt

- Grupo Vasconia reported the non-compliance with the sustainability performance targets of its VASCONI 22L issue. As a result, the annual coupon rate will increase by 25bps as of the interest period beginning (May 16, 2024)
- Fitch Ratings affirmed Banco Invex's 'AA-(mex)' and Invex Controladora's 'A+(mex)' ratings. The outlook is Stable. Fitch's assessment considers, with high relevance, the risk profile of Banco Invex, which stands out for its prudent risk management policies

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| Equity indices | | |
| Dow Jones | 39,908.00 | 0.9% |
| S&P 500 | 5,308.15 | 1.2% |
| Nasdaq | 16,742.39 | 1.4% |
| IPC | 57,454.65 | 0.4% |
| Ibovespa | 128,027.59 | -0.4% |
| Euro Stoxx 50 | 5,100.90 | 0.4% |
| FTSE 100 | 8,445.80 | 0.2% |
| CAC 40 | 8,239.99 | 0.2% |
| DAX | 18,869.36 | 0.8% |
| Nikkei 225 | 38,385.73 | 0.1% |
| Hang Seng | 19,073.71 | 0.0% |
| Shanghai Composite | 3,119.90 | -0.8% |
| Sovereign bonds | | |
| 2-year Treasuries | 4.72 | -9pb |
| 10-year Treasuries | 4.34 | -10pb |
| 28-day Cetes | 10.95 | 0pb |
| 28-day TIIE | 11.24 | 0pb |
| 2-year Mbono | 10.53 | -9pb |
| 10-year Mbono | 9.64 | -8pb |
| Currencies | | |
| USD/MXN | 16.69 | -1.0% |
| EUR/USD | 1.09 | 0.6% |
| GBP/USD | 1.27 | 0.7% |
| DX | 104.35 | -0.6% |
| Commodities | | |
| WTI | 78.63 | 0.8% |
| Brent | 82.75 | 0.4% |
| Mexican mix | 73.83 | 0.4% |
| Gold | 2,385.99 | 1.2% |
| Copper | 492.45 | 0.6% |

Source: Bloomberg

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|------|---|
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| 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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