Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

May 21, 2024

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FOCUS ECONOMICS ANALYST FORECAST AWARDS 2023

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Main drivers for the financial markets today…

- **Stock markets negative –with S&P500 futures with little changes–, USD stable, and government bond yields negative, as investors remain on the look to comments from Fed speakers, earnings by Nvidia tomorrow, and tracking commodities prices (which are hovering near record highs)**

- **On the monetary front, attention will be on comments from Barkin, Waller, Williams, Bostic, Barr, Mester, and Collins, this after more hawkish statements yesterday from several members. In addition, day with few economic releases, noting a slightly narrower trade surplus than expected in the Eurozone in March at EUR 17.3 billion**

- **The IMF warned the UK over additional tax cuts before the parliamentary elections later this year. In addition, they mentioned that revenues would have to increase by around GBP 30 billion a year to stabilize the nation's debt trajectory**

- **According to several sources, Germany is close to supporting using seized Russian assets to support Ukraine. The proposal was introduced by the US but it is still necessary that other G-7 countries show their backing**

- **In other news, semiconductor makers ASML and TSMC mentioned to US officials that if China invades Taiwan, they have the ability to disable their plants in the latter country. Related to this, China criticized officials from South Korea and Japan for visiting Taiwan amid the inauguration of the country's new president**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	Current account* - Mar	EURbn	--	--	29.5
5:00	Trade balance* - Mar	EURbn	--	20.0	17.9
United States					
9:00	Fed's Barkin Gives Welcome Remarks				
9:00	Fed's Waller Discusses US Economy				
9:10	Fed's Bostic Offers Brief Welcome Remarks				
19:00	Fed's Bostic Moderates Panel with Collins and Mester				
Mexico					
11:00	International reserves - May 17	US$bn	--	--	218.2
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 10-year Mbono (Nov'34), 10-year Udibon and 1-, 3-, and 7-year Bondes F				
16:30	Citibanamex Survey of Economists				

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	5,327.25	-0.1%
Euro Stoxx 50	5,032.24	-0.8%
Nikkei 225	38,946.93	-0.3%
Shanghai Composite	3,157.97	-0.4%
Currencies		
USD/MXN	16.56	0.0%
EUR/USD	1.09	0.0%
DXY	104.64	0.1%
Commodities		
WTI	78.44	-1.7%
Brent	82.41	-1.6%
Gold	2,426.93	0.1%
Copper	516.15	1.5%
Sovereign bonds		
10-year Treasury	4.42	-3pb

Source: Bloomberg

Equities

- **Negative bias in the main stock markets, reflecting caution among investors after the highs reached in the previous sessions. US futures are little changed, with the Nasdaq trading 0.2% below its theoretical value after yesterday's all-time high**

- **In Europe, declines predominated and the Eurostoxx fell 0.8%, with all sectors in negative territory and dragged down mainly by shares of financial companies. Asia closed lower, highlighting the 2.1% drop in the Hang Seng**

- **In corporate news, security software company Palo Alto Networks falls 7.0% pre-market after issuing lower-than-expected revenue guidance for the current quarter. Meanwhile, home improvement retailer Lowe's rises 2.6% as it reports figures that beat expectations**

Sovereign fixed income, currencies and commodities

- **Treasuries strengthen by 1-2bps, with the short and intermediate maturities outperforming, while European securities observe a similar performance. In Mexico, the week started with mixed Mbonos, appreciating 2bps on the short end and adjusting 1bps across the rest of the curve**

- **USD stable in index terms, with G10 currencies trading in narrow ranges and exhibiting a positive bias. In EM FX, performance is mixed and also confined to modest ranges, with losses concentrated in Asian currencies. The MXN is trading with minimal changes at 16.56**

- **Oil prices fall by nearly 2%, impacting other energy prices, with a decline of 5% in May. Industrial metals have slightly moderated their recent gains, with copper reaching new highs yesterday, a trend mirrored by gold, which also hit new record levels yesterday**

Corporate Debt

- **The notice of total voluntary early amortization of the short-term notes ARREACT 01923 (Arrendadora Actinver) was given for next May 27th, 2024. The issuance has an outstanding amount of MXN 250 million and its legal maturity was scheduled for June 7th**

- **Fitch Ratings raised Inmuebles Carso's long-term rating to 'AAA(mex)' from 'AA+(mex)'. The outlook is stable. According to the agency, the upgrade reflects the continued strengthening of the company's leverage indicator, through a solid generation of free cash flow, which will continue to be used for the company's investment plan (capex) and payment upon expiration of the INCARSO 15 issue in 2025**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,806.77	-0.5%
S&P 500	5,308.13	0.1%
Nasdaq	16,794.88	0.7%
IPC	57,393.28	-0.3%
Ibovespa	127,750.92	-0.3%
Euro Stoxx 50	5,074.34	0.2%
FTSE 100	8,424.20	0.0%
CAC 40	8,195.97	0.3%
DAX	18,768.96	0.3%
Nikkei 225	39,069.68	0.7%
Hang Seng	19,636.22	0.4%
Shanghai Composite	3,171.15	0.5%
Sovereign bonds		
2-year Treasuries	4.85	2pb
10-year Treasuries	4.44	2pb
28-day Cetes	10.99	2pb
28-day TIIE	11.24	0pb
2-year Mbono	10.62	-1pb
10-year Mbono	9.71	1pb
Currencies		
USD/MXN	16.56	-0.3%
EUR/USD	1.09	-0.1%
GBP/USD	1.27	0.0%
DXY	104.57	0.1%
Commodities		
WTI	79.80	-0.3%
Brent	83.71	-0.3%
Mexican mix	74.83	-0.4%
Gold	2,425.31	0.4%
Copper	507.90	0.6%

Source: Bloomberg

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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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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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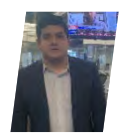

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