

## Financial Markets Daily

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

- Stock markets negative, government bond yields up and USD with gains. Investors wait for the quarterly earnings report from Nvidia in the closing of a strong season for Big Tech, while also watch for Federal Reserve's communication
- On the monetary policy front, the Fed members' agenda includes Goolsbee's participation and later the minutes of the last FOMC meeting will be published where we expect a relatively hawkish stance. Indonesia's central bank left its reference rate unchanged at 6.25%. South Korea will also announce its decision
- Regarding economic figures, in the US the mortgage application rate rose 1.9% in the week ending May 17, after increasing by 0.5%. In addition, the report on existing home sales for the month of April will be released
- In the United Kingdom, April inflation was higher than expected, so bets for a Bank of England cut in June moderated, now with the first reduction priced for September

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### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>UK</b>					
2:00	Consumer prices - Apr	% y/y	--	2.1	3.2
2:00	Core - Apr	% y/y	--	3.6	4.2
<b>United States</b>					
10:00	Existing home sales** - Apr	millions	--	4.2	4.2
14:00	FOMC Meeting Minutes				
<b>South Korea</b>					
	Monetary policy decision (C. bank of S. Korea)	%	--	3.50	3.50

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.
<b>Equity indices</b>		
S&P 500 Futures	5,337.50	-0.1%
Euro Stoxx 50	5,028.59	-0.4%
Nikkei 225	38,617.10	-0.8%
Shanghai Composite	3,158.54	0.0%
<b>Currencies</b>		
USD/MXN	16.67	0.2%
EUR/USD	1.08	-0.2%
DX	104.82	0.2%
<b>Commodities</b>		
WTI	77.88	-1.7%
Brent	82.05	-1.0%
Gold	2,411.42	-0.4%
Copper	492.85	-3.5%
<b>Sovereign bonds</b>		
10-year Treasury	4.45	4pb

Source: Bloomberg

## Equities

- Negative movements in equity markets. The focus is on Nvidia's results where strong increases are expected, which will be known after the market close. Investors will be looking for clues as to whether the technology sector's rally could continue. Of 4 other S&P500 companies also reporting today, 3 have released their results, most of them better than estimated. However, Target's figures (-8% on pre-market) disappointed, as did the growth outlook
- In Asia most markets closed negative. In Europe stocks decline. Shares from consumer discretionary and energy sectors lead losses. In turn, in the US the futures of main indices point to a slightly negative opening by falling 0.1% on average, after the S&P500 and the Nasdaq reached new all-time highs yesterday

## Sovereign fixed income, currencies and commodities

- Sovereign bond yields in Europe are under relevant pressure following inflation figures from the UK, while the Treasuries curve is also impacted by this movement, steepening with adjustments of up to +4bps on the long-end. Today in the U.S., the 20-year bond auction will take place
- The dollar is advancing with a positive performance against most G10 currencies, while the dynamic in EM FX is also characterized by broad losses, led by HUF and ZAR (-0.8%). The MXN is trading more stable at 16.67 (-0.2%).
- Crude oil declines by ~1%, nearing its lowest level in three months as it extends losses ahead of a potential inventory increase today, according to API figures. Gold and copper fall modestly, with the latter adjusting for the second day after reaching record levels on Monday

## Corporate Debt

- Fitch Ratings affirmed Orbia's 'BBB' and 'AAA(mex)' ratings. The outlook is Stable. The ratings are supported by its product diversification and global presence, as well as a solid financial profile with ample liquidity. The company is focused on improving its operating efficiency and maintaining strict financial oversight to conserve cash
- Fitch Ratings affirmed its 'AAA(mex)vra' rating on the State of Mexico's sustainable issuance EDOMEX 22X. The agency considers that the assets destined to the payment of the bond (5.3% of FAFEF, Fondo de Aportaciones para el Fortalecimiento de las Entidades Federativas) present characteristics of a very strong attribute for the payment of this financing

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	39,872.99	0.2%
S&P 500	5,321.41	0.3%
Nasdaq	16,832.63	0.2%
IPC	56,760.71	-1.1%
Ibovespa	127,411.55	-0.3%
Euro Stoxx 50	5,046.99	-0.5%
FTSE 100	8,416.45	-0.1%
CAC 40	8,141.46	-0.7%
DAX	18,726.76	-0.2%
Nikkei 225	38,946.93	-0.3%
Hang Seng	19,220.62	-2.1%
Shanghai Composite	3,157.97	-0.4%
<b>Sovereign bonds</b>		
2-year Treasuries	4.83	-2pb
10-year Treasuries	4.41	-3pb
28-day Cetes	11.00	1pb
28-day TIIE	11.24	0pb
2-year Mbono	10.62	0pb
10-year Mbono	9.71	-1pb
<b>Currencies</b>		
USD/MXN	16.64	0.5%
EUR/USD	1.09	0.0%
GBP/USD	1.27	0.0%
DX	104.66	0.1%
<b>Commodities</b>		
WTI	79.26	-0.7%
Brent	82.88	-1.0%
Mexican mix	74.05	-1.0%
Gold	2,421.05	-0.2%
Copper	510.60	0.5%

Source: Bloomberg

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