

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields mixed, and USD with losses as markets digest blowout earnings from Nvidia that support tech stocks, and Federal Reserve's minutes with officials biased to keep interest rates higher for longer**
- **In the US, initial jobless claims were published at 215k (previous: 223k). New home sales and PMI indicators will be released. Chile will announce its monetary policy decision with consensus seeing -50bps to 6.00%**
- **In Mexico, Banxico will publish the minutes of its last meeting where it kept the rate unchanged at 11.00%**
- **INEGI released inflation for 1H-May at -0.21% 2w/2w –surprising slightly to the upside–, with the core at 0.15%. As such, the annual print accelerated to 4.78% from 4.67% in the previous fortnight, with the core at 4.31% (previous: 4.34%). It also published 1Q24 final GDP at 0.3% q/q (preliminary: 0.2%). In annual terms (nsa) activity stood at 1.6% (preliminary: 1.6%). By sectors, primary activities grew 1.7% q/q, with industry at -0.5% and services at +0.6%. Furthermore, announced March's GDP-proxy IGAE at 0.3% m/m (-1.3% y/y). By sectors, industry climbed 0.6% m/m, with services at +0.3%**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Turkey					
7:00	Monetary policy decision (C. Bank of Turkey)	%	--	50.00	50.00
Mexico					
8:00	Economic activity indicator (IGAE) - Mar	% y/y	-0.25	-0.23	0.25
8:00	Economic activity indicator (IGAE)* - Mar	% m/m	0.13	0.15	0.07
8:00	Gross domestic product - 1Q24 (F)	% y/y	4.75	4.76	4.67
8:00	Gross domestic product* - 1Q24 (F)	% q/q	4.29	4.31	4.34
8:00	Consumer prices - May 15	% 2w/2w	1.7	1.6	1.6
8:00	Core - May 15	% 2w/2w	0.2	0.2	0.2
8:00	Consumer prices - May 15	% y/y	-1.0	-1.1	4.4
8:00	Core - May 15	% y/y	0.6	0.3	1.4
11:00	Banxico's minutes				
United States					
8:30	Initial jobless claims* - May 18	thousands	220	220	222
9:45	Manufacturing PMI* - May (P)	index	50.0	50.2	50.0
9:45	Services PMI* - May (P)	index	--	51.6	51.3
9:45	Composite PMI* - May (P)	index	--	52.0	51.3
10:00	New home sales** - Apr	millions	--	675	693
Chile					
18:00	Monetary policy decision (BCCh)	%	--	6.00	6.50

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	5,367.00	0.7%
Euro Stoxx 50	5,061.38	0.7%
Nikkei 225	39,103.22	1.3%
Shanghai Composite	3,116.39	-1.3%
Currencies		
USD/MXN	16.64	-0.1%
EUR/USD	1.09	0.3%
DXY	104.74	-0.2%
Commodities		
WTI	78.30	0.9%
Brent	82.64	0.9%
Gold	2,363.05	-0.7%
Copper	483.35	-0.7%
Sovereign bonds		
10-year Treasury	4.43	1pb

Source: Bloomberg

Equities

- Positive equity markets driven by optimism in the technology sector. In particular, Nvidia is up more than 7.0% pre-market after reporting figures that exceeded high expectations. In addition, the company provided a solid growth forecast, backed by growing demand for AI processors and announced a 10-to-1 stock split
- The news pulls other US technology companies (SMCI +5.1%, AMD +2.5%) and the S&P500 and Nasdaq futures are up 0.7% and 1.1% respectively, positioning them to remain at record highs
- In Europe, gains prevailed and the Eurostoxx rose, with the biggest advances in the technology sector, which offset the decline in communications and utilities. Meanwhile, Asia closed mixed, with a 1.7% decline on the Hang Seng

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. 10-year rates in Europe hovers between +/-5bps, while the Treasuries' curve records modest gains. Yesterday, Mbonos averaged a sell-off of 2bps and the 10-year reference closed at 9.71% (+3bps)
- Dollar down against all developed currencies, with NOK (+0.9%) as the strongest. In EM, the bias is mixed bounded by +/-0.5%. Latam currencies are positive with the MXN trading at 16.64 per dollar (+0.1%), after two negative sessions in a row
- Crude-oil futures jump although they remain close to 3-month lows following the US crude stockpiles increase and signs that the Federal Reserve may hold interest rates higher for longer. Widespread losses in metals, with gold and copper falling 0.7%

Corporate Debt

- PCR Verum ratified ATLASCB 22' rating (ABS of Financiera Atlas) at 'AAA/M (e)' with a Stable outlook. According to the agency, the rating is based on the expected behavior of the securitized portfolio, which maintains moderate levels of delinquencies, in addition to the satisfactory credit quality and average capacity as financial asset manager of Financiera Atlas
- Moody's Local Mexico assigned a short-term rating of 'ML A-1.mx' to Grupo Fonderia's dual program and 'AA+.mx' to its two proposed issuances, GASA 24 / 24-2. The proposed bonds are intended to be placed for up to MXN 1.5 billion, with terms of three and five years. The certificates will be backed by a guarantee of up to 50% granted by the Inter-American Development Bank

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,671.04	-0.5%
S&P 500	5,307.01	-0.3%
Nasdaq	16,801.54	-0.2%
IPC	56,432.04	-0.6%
Ibovespa	125,650.03	-1.4%
Euro Stoxx 50	5,025.17	-0.4%
FTSE 100	8,370.33	-0.5%
CAC 40	8,092.11	-0.6%
DAX	18,680.20	-0.2%
Nikkei 225	38,617.10	-0.8%
Hang Seng	19,195.60	-0.1%
Shanghai Composite	3,158.54	0.0%
Sovereign bonds		
2-year Treasuries	4.87	4pb
10-year Treasuries	4.42	1pb
28-day Cetes	11.00	0pb
28-day TIIE	11.24	0pb
2-year Mbono	10.67	4pb
10-year Mbono	9.73	2pb
Currencies		
USD/MXN	16.66	0.1%
EUR/USD	1.08	-0.3%
GBP/USD	1.27	0.1%
DX	104.93	0.3%
Commodities		
WTI	77.57	-2.1%
Brent	81.90	-1.2%
Mexican mix	74.05	0.0%
Gold	2,378.85	-1.7%
Copper	484.85	-5.0%

Source: Bloomberg

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