Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets with few changes, government bond yields and USD lower. Moves are limited due to inactivity in some countries, along with caution in Europe on the possibility of a slower accommodative cycle by the ECB after warnings from its Chief Economist, Philip Lane**

- **Germany's business climate index IFO stood at 90.4pts in May in its expectations component, up from 89.7pts in the previous month as optimism builds that the economic rebound will extend to the rest of the year**

- **US markets will be closed today because of Memorial Day. No data in Mexico for the rest of the trading session. At night, Mester and Bowman of the Fed will speak in Japan**

- **Market attention this week on May's inflation in the Eurozone and April's PCE deflator in the US. In the former, markets are betting that the first rate cut of the ECB will be in June, while for the Fed could be in November or December**

- **Also, on May's PMI indicators in China and 1Q24 GDP in the US (second estimate) to evaluate the pace of economic growth and regional divergences. For the latter, we estimate a downward revision, from 1.6% to 1.3% q/q saar (consensus: 1.3%)**

- **Regarding monetary policy, we note the 1Q24 *Quarterly Report* from Banxico. Decisions only in Israel, South Africa, and Bulgaria. The Fed will release its *Beige Book*, along with several speeches from its members**

- **Other US figures include housing prices (Mar), trade balance, personal income & spending (Apr), and consumer confidence (May)**

- **Elections in Mexico will be held on June 2nd, with the electoral ban beginning on May 30th. Apart from the presidential race, all seats in both Chambers of Congress and nine governorships, a total of more than 19,000 posts will be determined at all government levels. Lastly, data includes only banking credit and the public finance report (Apr)**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
United States					
	Markets closed in remembrance of Memorial Day				
Germany					
4:00	IFO Survey (business climate)* - May	index	--	90.5	89.4

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	5,319.50	0.0%
Euro Stoxx 50	5,046.23	0.2%
Nikkei 225	38,900.02	0.7%
Shanghai Composite	3,124.04	1.1%
Currencies		
USD/MXN	16.68	-0.1%
EUR/USD	1.08	0.0%
DXY	104.69	0.0%
Commodities		
WTI	78.33	0.8%
Brent	82.67	0.7%
Gold	2,347.62	0.6%
Copper	477.85	0.0%
Sovereign bonds		
10-year Treasury	4.47	0pb

Source: Bloomberg

Equities

- **Stock markets with a positive bias and limited trading volume due to holidays in the US and the UK. Investors take a short break after the recent highs. Towards the end of the week, high volatility is expected due to changes in the MSCI indices effective as of Friday's close**

- **European markets advance, with the Eurostoxx up 0.2%. Shares of companies in the utilities and energy sectors lead, while technology shares are among the main decliners. Asia closed positive, highlighting the Hang Seng's 1.1% increase**

- **In Mexico, we expect a trading range for the Mexbol Index this week between 54,500 and 56,500pts, anticipating volatility and caution ahead of the upcoming June 2 elections**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. Ten-year European rates decline 4bps on average. Last week, Mbonos averaged losses of 4bps and the local risk premium remained virtually unchanged at 526bps vs the previous week**

- **Dollar slightly negative amid gains in all G10 currencies. In EM, the bias is mixed and the MXN is trading with few changes at 16.68 per dollar, after gaining 0.5% the previous week. We expect a weekly trading range between 16.50 and 16.90 per dollar**

- **Crude-oil futures jump with the focus on OPEC+'s supply meeting on Sunday and US demand at the start of the summer driving season. Mixed balance in metals, with gold rallying 0.5%**

Corporate Debt

- **We expect a pause in placement activity in the corporate debt market at least until the second half of June. Subsequently, we anticipate that auctions will resume at normal levels**

- **HR Ratings affirmed the rating of Vinte and its unsecured bonds at 'HR AA-' and 'HR AAA' for the VINTE 18X issuance. Likewise, it modified the outlook from Stable to Review in Process for all ratings. According to the agency, the rating action is due to the fact that HR Ratings must evaluate the impact that the Javer acquisition will have on Vinte's ratings, once it is completed**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,069.59	0.0%
S&P 500	5,304.72	0.7%
Nasdaq	16,920.79	1.1%
IPC	55,413.12	-0.9%
Ibovespa	124,305.57	-0.3%
Euro Stoxx 50	5,035.41	0.0%
FTSE 100	8,317.59	-0.3%
CAC 40	8,094.97	-0.1%
DAX	18,693.37	0.0%
Nikkei 225	38,646.11	-1.2%
Hang Seng	18,608.94	-1.4%
Shanghai Composite	3,088.87	-0.9%
Sovereign bonds		
2-year Treasuries	4.95	1pb
10-year Treasuries	4.47	-1pb
28-day Cetes	11.00	0pb
28-day TIIE	11.24	-1pb
2-year Mbono	10.66	-3pb
10-year Mbono	9.76	0pb
Currencies		
USD/MXN	16.69	-0.2%
EUR/USD	1.08	0.3%
GBP/USD	1.27	0.3%
DXY	104.72	-0.4%
Commodities		
WTI	77.72	1.1%
Brent	82.12	0.9%
Mexican mix	73.35	1.2%
Gold	2,333.83	0.2%
Copper	475.35	-0.8%

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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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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