

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets lower –but with S&P500 futures positive–, government bond yields mixed, and the USD slightly weaker, with markets in the UK and the US reopening after the holiday yesterday. In addition, investors await inflation data in the US this Friday along comments from Fed speakers
- In the US, markets will once again settle stock trades in a day after nearly 100 years. The adjustment, known as ‘T+1’ aims to reduce risks in the financial system. However, there are some concerns over possible issues as participants adapt to the change
- Regarding economic data, in the US we will be looking into March’s housing prices and the Conference Board confidence print for May, forecasting it at 95.5pts. Meanwhile, in Brazil, inflation in 1H-May came in slightly below expectations at 3.70%
- On the monetary front, we highlight speeches from Kashkari –with comments earlier showing a hawkish bias– and Cook, this after statements from Mester yesterday alluding to improvements in the central bank’s communication strategy. Meanwhile, in the Eurozone we noted a participation from Villeroy, arguing that cuts by the ECB in June and July cannot be ruled out
- In other news, tensions keep climbing in the Middle East after the death of an Egyptian soldier in the border cross with Gaza and after the Israeli bombing in the region which resulted in the death of 45 Palestinians in a camp for displaced persons. According to some reports, the US is evaluating if this latter attack crossed the ‘red line’ set by President Biden

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Consumer prices - May	% m/m	--	0.47	0.21
8:00	Consumer prices - May	% y/y	--	3.73	3.77
United States					
0:55	Fed's Mester Speaks at Bank of Japan Event				
9:00	S&P/CoreLogic housing prices - Mar	% y/y	--	7.3	7.3
9:55	Fed's Kashkari Gives Panel Remarks				
10:00	Consumer confidence* - May	index	95.5	96.0	97.0
Mexico					
11:00	International reserves - May 24	US\$bn	--	--	219.0
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Oct'54) and 2-, 5-, and 10-year Bondes F				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



[@analise_fundam](http://www.banorte.com/analiseconomico)

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	5,327.50	0.1%
Euro Stoxx 50	5,041.84	-0.3%
Nikkei 225	38,855.37	-0.1%
Shanghai Composite	3,109.57	-0.5%
Currencies		
USD/MXN	16.66	0.0%
EUR/USD	1.09	0.2%
DX	104.38	-0.2%
Commodities		
WTI	79.19	1.9%
Brent	83.48	0.5%
Gold	2,354.02	0.1%
Copper	486.00	1.7%
Sovereign bonds		
10-year Treasury	4.46	-1pb

Source: Bloomberg

Equities

- Negative movements with investors showing caution as they continue to weigh the monetary outlook
- In Asia, most markets closed negative. In Europe, stocks decline and the Eurostoxx sheds 0.3%. Shares from health care and consumer staples sectors lead losses. In turn, in the US operations will resume after yesterday's holiday and the futures of main indices are mixed and show little changes
- In corporate news, GameStop's share price is up more than 20% on pre-market after announcing that it raised US\$933 million from a stock sale. Meanwhile, T-Mobile (-0.2% on pre-market) said it agreed to acquire US Cellular's wireless operations and certain spectrum assets for US\$4.4 billion

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. 10-year rates in Europe hovers between +/-3bps, while the Treasuries' curve records gain of up to 3bps at the short-end. Yesterday, Mbonos register few changes and the 10-year reference closed at 9.74% (+1bp)
- Dollar down against all developed currencies, with SEK (+0.7%) as the strongest. In EM, the bias is positive, although with lower gains. Meanwhile, the MXN trades at 16.66 per dollar virtually unchanged vs the previous close
- Crude-oil futures jump as rising tensions in the Middle East ahead OPEC+ Ministerial Meeting on Sunday. Widespread gains in metals, with aluminum and copper falling 1.7% and 1.8%, respectively

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,069.59	0.0%
S&P 500	5,304.72	0.0%
Nasdaq	16,920.79	0.0%
IPC	55,452.88	0.1%
Ibovespa	124,495.68	0.2%
Euro Stoxx 50	5,059.20	0.5%
FTSE 100	8,317.59	0.0%
CAC 40	8,132.49	0.5%
DAX	18,774.71	0.4%
Nikkei 225	38,900.02	0.7%
Hang Seng	18,827.35	1.2%
Shanghai Composite	3,124.04	1.1%
Sovereign bonds		
2-year Treasuries	4.95	0pb
10-year Treasuries	4.47	0pb
28-day Cetes	11.00	0pb
28-day TIIE	11.24	1pb
2-year Mbono	10.64	-2pb
10-year Mbono	9.75	-1pb
Currencies		
USD/MXN	16.67	-0.2%
EUR/USD	1.09	0.1%
GBP/USD	1.28	0.3%
DX	104.60	-0.1%
Commodities		
WTI	77.72	0.0%
Brent	83.10	1.2%
Mexican mix	73.35	0.0%
Gold	2,350.97	0.7%
Copper	475.35	0.0%

Source: Bloomberg

Corporate Debt

- PCR Verum placed Vinte's 'AA-/M' rating on Watch. The action follows the announcement of an agreement with Javer's shareholders to launch a tender offer to acquire up to 100% of the company's shares
- PCR Verum withdraws its 'D/M' long- and short-term counterparty risk ratings on Unifin Financiera. The ratings are being withdrawn because the rating agency has not received sufficient financial and operational information about Unifin Financiera

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Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and
Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430



Alejandro Padilla Santana
Chief Economist and Head of
Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernández
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research,
Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugo.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904