

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive in Europe, with declines in Asia and in US futures, with government bond yields negative, and the USD weakening. Investors show concerns over the path of Fed actions, expecting price data in said country tomorrow**
- **In the US, 1Q24 GDP was revised lower to 1.3% q/q saar, with consumption also down at 2.0%. Meanwhile, jobless claims were more stable at 219k. In the Eurozone, May's consumer confidence was unchanged at -14.3pts, with confidence in the economy improving to 96.0pts. In Mexico, the unemployment rate in April rebounded to 2.61% (nsa), with a loss of 10.6k positions in the month. With sa figures, the print improved by 4bps to 2.62%. Tonight, official PMIs for April will be released in China. On the monetary front, we will be looking into speeches from Williams (New York) and Logan (Dallas), focusing on their expectations ahead after comments from Bostic (Atlanta) yesterday that suggest that he would be willing to adjust the rate until the end of the year. In the Eurozone, we highlight a participation from ECB President, Christine Lagarde. During the day we will also have the decision in South Africa, where consensus expects the rate unchanged at 8.25%**
- **In South Africa, preliminary figures suggest that the ruling party, ANC, won't reach a majority in the Parliament for the first time since the end of apartheid 30 years ago. Nevertheless, it is expected that they will reach a coalition to form a government**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Unemployment rate - Apr	%	2.62	2.54	2.28
21:30	Public finances (PSBR, year-to-date) - Apr	MXNbn	--	--	-505.7
United States					
8:30	Gross domestic product** - 1Q24	% q/q	1.3	1.3	1.6
8:30	Personal consumption** - 1Q24	% q/q	2.2	2.2	2.5
8:30	Initial jobless claims* - May 24	thousands	215	217	215
8:30	Trade balance* - Apr	US\$bn	--	-92.0	-91.8
12:05	Fed's Williams Speaks at Economic Club of New York				
16:30	Fed's Logan Speaks in El Paso				
17:00	Fed's Logan Speaks in Moderated Q&A				
China					
21:30	Manufacturing PMI* - May	index	--	50.4	50.4
21:30	Non-manufacturing PMI* - May	index	--	51.5	51.2
21:30	Composite PMI* - May	index	--	--	51.7
South African					
	Monetary policy decision (S. African Reser	%	--	8.25	8.25

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	5,270.25	-0.3%
Euro Stoxx 50	4,976.12	0.3%
Nikkei 225	38,054.13	-1.3%
Shanghai Composite	3,091.68	-0.6%
Currencies		
USD/MXN	16.98	0.0%
EUR/USD	1.08	0.3%
DXY	104.79	-0.3%
Commodities		
WTI	78.65	-0.7%
Brent	82.89	-0.8%
Gold	2,342.28	0.2%
Copper	462.75	-3.7%
Sovereign bonds		
10-year Treasury	4.57	-4pb

Source: Bloomberg

Equities

- Mixed returns, with a negative bias, reflecting caution among investors who are assessing the risks related to continuing with high interest rates for longer than expected
- In the US, Dow Jones futures anticipate a negative opening with a 0.9% decline below their theoretical value. Europe is trading mixed and the Eurostoxx is slightly up 0.2%, with the rise in the communications sector being offset by the fall in technology companies. Asia closed with losses, highlighted by declines of 1.3% in the Hang Seng and the Nikkei
- In corporate news, Salesforce plunges more than 15.5% in pre-market after indicating that growth in the current quarter will be the slowest in its history. On the other hand, Saudi Arabia is about to launch a secondary offering of Aramco shares, possibly on Sunday, estimating proceeds of more than US\$10 billion

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. The 10-year European rates decline 3bps, on average, and the Treasuries' yield curve record gains of up to 4bps at the belly. Last week, the Mbonos' curve averaged losses of 4bps, with the 10-year benchmark at 9.82% (+4bps)
- Dollar weakens against all G10 currencies with CHF (+0.9%) as the strongest. In EM, the bias is negative with a depreciation of up to 1.0% in Asian currencies. Meanwhile, the MXN advances 0.1% trading slightly below the psychological level of 17.00 per dollar after two negative days in a row
- Crude-oil futures decline as traders await OPEC+ Ministerial Meeting on Sunday for more clarity on the supply-demand outlook. Most of the metals extend their retreat from a record as profit taking accelerates, with copper collapsing 3.6%

Corporate Debt

- PCR Verum affirmed Banco Actinver's 'AA/M' rating with a Stable outlook. The ratings reflect the high importance of Banco Actinver to Grupo Financiero Actinver, given its relevant operational and financial integration with Actinver Casa de Bolsa. PCR Verum also affirmed Arrendadora Actinver and Corporación Actinver's ratings at 'AA-/M'
- Fitch Ratings affirmed Grupo Carso's long- and short-term ratings at 'AAA(mex)' and 'F1+(mex)', respectively. The ratings reflect Grupo Carso's strong business profile, characterized by its business diversification, maintaining a good participation in the different markets in which it participates and having a consistently solid credit profile

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,441.54	-1.1%
S&P 500	5,266.95	-0.7%
Nasdaq	16,920.58	-0.6%
IPC	55,212.64	0.1%
Ibovespa	122,707.28	-0.9%
Euro Stoxx 50	4,963.20	-1.3%
FTSE 100	8,183.07	-0.9%
CAC 40	7,935.03	-1.5%
DAX	18,473.29	-1.1%
Nikkei 225	38,556.87	-0.8%
Hang Seng	18,477.01	-1.8%
Shanghai Composite	3,111.02	0.0%
Sovereign bonds		
2-year Treasuries	4.97	0pb
10-year Treasuries	4.61	6pb
28-day Cetes	11.03	0pb
28-day TIIE	11.25	0pb
2-year Mbono	10.68	2pb
10-year Mbono	9.84	4pb
Currencies		
USD/MXN	16.98	1.1%
EUR/USD	1.08	-0.5%
GBP/USD	1.27	-0.5%
DXY	105.12	0.5%
Commodities		
WTI	79.23	-0.8%
Brent	83.60	-0.7%
Mexican mix	74.71	-0.7%
Gold	2,338.12	-1.0%
Copper	479.10	-1.3%

Source: Bloomberg

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