

## Financial Markets Daily

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

- **Stock markets higher, government bond yields down and USD mixed. Optimism led by tech stocks after NVIDIA and AMD presented new artificial intelligence chips, while Game Stop surges in a return of speculative moves in this name**
- **In electoral news, India's Narendra Modi is projected to win in India, which may help him push policies to spur growth. In Mexico, the electoral institute INE anticipated Claudia Sheinbaum as winner, also seeing a possibly solid performance of her coalition in other races**
- **In the US, releases today include April's construction spending, May's ISM manufacturing and vehicle sales. Locally, family remittances (Apr), Banxico's survey, and PMIs from IMEF (May)**
- **Market attention this week on May's nonfarm payrolls in the US. We estimate 195k new jobs, with the unemployment rate staying at 3.9%. Moreover, Caixin's PMIs (services and composite) and trade balance for May in China**
- **Meanwhile, the ECB policy decision. We expect a 25bps rate cut, with the deposit rate reaching 3.75%. This scenario has been signaled strongly, so the key will be on the tone about the possibility of additional reductions going forward**
- **Also, decisions in Poland, Canada, India, and Russia. No Fed speeches as the silence period ahead of the June 11-12 decision starts**
- **Other US data includes JOLTS' job openings, factory orders, trade balance, consumer credit (Apr), ISM services, and the ADP private employment report (May)**
- **In Mexico, gross fixed investment & consumption (Mar), vehicle production and exports, consumer confidence, wage negotiations, and inflation (May). Also, the banking sector survey**

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>United States</b>					
10:00	ISM manufacturing* - May	index	49.0	49.6	49.2
	Total vehicle sales** - May	millions	--	15.8	15.7
<b>Mexico</b>					
11:00	Family remittances - Apr	US\$bn	5,067.3	5,466.1	5,020.7
11:00	Survey of expectations (Banxico)				
14:00	PMI manufacturing (IMEF)* - May	index	50.1	--	49.2
14:00	PMI non-manufacturing (IMEF)* - May	index	50.3	--	49.7

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.
<b>Equity indices</b>		
S&P 500 Futures	5,308.00	0.2%
Euro Stoxx 50	5,020.73	0.7%
Nikkei 225	38,923.03	1.1%
Shanghai Composite	3,078.49	-0.3%
<b>Currencies</b>		
USD/MXN	17.45	2.6%
EUR/USD	1.08	0.0%
DXY	104.58	-0.1%
<b>Commodities</b>		
WTI	76.78	-0.3%
Brent	81.11	-0.6%
Gold	2,332.49	0.2%
Copper	465.75	1.2%
<b>Sovereign bonds</b>		
10-year Treasury	4.46	-4pb

Source: Bloomberg

## Equities

- June starts with stock market gains, keeping the appetite for risk assets after recent new record highs in the US. In this regard, a sample of 30 indices that we regularly follow showed an average increase in dollars of 3.2% in May
- US futures anticipate a positive opening, with the Nasdaq rising 0.5%. GameStop is up more than 80% in pre-market, supported by speculation in this stock. In Europe, gains prevailed and the Eurostoxx advanced 0.7%, with the biggest increases in tech. On the other hand, Shein is reportedly filing for an Initial Public Offering (IPO) in London this week, according to Bloomberg sources. Finally, Asia closed higher, with the Hang Seng up 1.8% and the Nikkei 1.1%
- For the Mexbol Index, we anticipate a weekly trading range between 54,300 and 56,500pts

## Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. Ten-year European rates decline 6bps on average, and the Treasuries' yield curve flattens as the long-end adjusts -3bps. Last week, Mbonos averaged losses of 4bps, with the 10-year benchmark closing at 9.75% (+3bps)
- Dollar advances vs EM currencies, but with few changes vs G10. The MXN is trading as the weakest with a depreciation of 2.7% at 17.45 per dollar by moving 2.1 $\sigma$  from its 90-day MA. Additionally, one-week implied volatility rose to 7-month highs at 17.5% from 12.5% on Friday
- Crude-oil futures steady after OPEC+ said output cuts will continue in 3Q24, before being gradually phased out over the following 12 months. Negative balance in metals except for copper (+0.9%) and aluminum (+0.6%)

## Corporate Debt

- May closed with an issued amount of MXN 19.6 billion (3.4x y/y). We expect auction activity to resume in the second half of June, with five bonds in the pipeline for up to MXN 16.8 billion
- Fibra Shop announced that it completed the acquisition of the Sentura Zamora commercial property, one of three shopping centers acquired on January for MXN 1.8 billion
- HR Ratings affirmed the ratings for Inversiones CMPC and its unsecured issues at 'HR AAA'. The rating affirmation was based on the strengthening of the DSCR (Debt Service Coverage Ratio), DSCR with Cash and Years of Payment metrics

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	38,686.32	1.5%
S&P 500	5,277.51	0.8%
Nasdaq	16,735.02	0.0%
IPC	55,179.24	-0.3%
Ibovespa	122,098.09	-0.5%
Euro Stoxx 50	4,983.67	0.0%
FTSE 100	8,275.38	0.5%
CAC 40	7,992.87	0.2%
DAX	18,497.94	0.0%
Nikkei 225	38,487.90	1.1%
Hang Seng	18,079.61	-0.8%
Shanghai Composite	3,086.81	-0.2%
<b>Sovereign bonds</b>		
2-year Treasuries	4.87	-5pb
10-year Treasuries	4.50	-5pb
28-day Cetes	11.03	0pb
28-day TIEE	11.25	0pb
2-year Mbono	10.66	-4pb
10-year Mbono	9.78	-5pb
<b>Currencies</b>		
USD/MXN	17.01	-0.1%
EUR/USD	1.08	0.1%
GBP/USD	1.27	0.1%
DXY	104.67	0.0%
<b>Commodities</b>		
WTI	76.99	-1.2%
Brent	81.62	-0.3%
Mexican mix	72.48	-0.9%
Gold	2,327.33	-0.7%
Copper	460.20	-1.2%

Source: Bloomberg

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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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