

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets lower, government bond yields are down, and the USD higher. Investors weigh concerns over a deceleration in the US vs optimism regarding Fed rate cuts in 4Q24**
- **Regarding economic data, in the US we will be looking into April's JOLTS report along factory and durable goods orders for the same month. In Brazil, 1Q24 GDP posted a 0.8% q/q expansion (2.5% y/y), surpassing expectations**
- **In Mexico, March's investment and private consumption rose 0.8% m/m each. Gains were widespread within both, albeit with the former driven by construction (+1.3% m/m), and the latter supported by the domestic component (+1.1%)**
- **On the monetary front, people familiar with the matter mentioned that the BoJ will likely discuss reducing the amount of bond purchases in their decision next week. Nevertheless, they stated that the decision will be dependent on prevailing market conditions at the moment**
- **In India, the first tallies suggest that the incumbent party, that of PM Narendra Modi, is struggling to get a majority in the national elections. This contrasts with exit polls which pointed to a large win**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Gross domestic product* - 1Q24	% q/q	--	0.7	0.0
Mexico					
8:00	Gross fixed investment - Mar	% y/y	2.1	2.1	12.5
8:00	Gross fixed investment* - Mar	% m/m	0.3	0.3	0.7
8:00	Private consumption - Mar	% y/y	-0.3	--	5.3
8:00	Private consumption* - Mar	% m/m	0.3	--	0.6
11:00	International reserves - May 31	US\$bn	--	--	218.7
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 20-year Mbono (Nov'42), 3-year Udibono (Dec'26) and 1-, and 3-year Bondes F				
United States					
10:00	JOLTS Job Openings - Apr	thousands	--	8360	8488
10:00	Factory orders* - Apr	% m/m	--	0.6	0.8
10:00	Ex transportation* - Apr	% m/m	--	0.3	0.4
10:00	Durable goods orders* - Apr (F)	% m/m	--	0.7	0.7
10:00	Ex transportation* - Apr (F)	% m/m	--	0.4	0.4
China					
21:45	Services PMI (Caixin)* - May	index	--	52.6	52.5
21:45	Composite PMI (Caixin)* - May	index	--	--	52.8

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

June 4, 2024



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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	5,279.25	-0.3%
Euro Stoxx 50	4,979.93	-0.5%
Nikkei 225	38,837.46	-0.2%
Shanghai Composite	3,091.20	0.4%
Currencies		
USD/MXN	17.93	1.3%
EUR/USD	1.09	-0.4%
DXY	104.25	0.1%
Commodities		
WTI	73.13	-1.5%
Brent	77.27	-1.4%
Gold	2,335.04	-0.7%
Copper	455.70	-2.4%
Sovereign bonds		
10-year Treasury	4.35	-4pb

Source: Bloomberg

Equities

- Negative movements as investors are cautious awaiting further catalysts, while continuing to weigh the monetary and growth outlook
- In Asia, the markets closed mixed. In Europe stocks decline, the Eurostoxx sheds 0.5%. Shares from energy and communication services lead losses, while those from utilities and consumer staples are the biggest gainers. In turn, in the US the futures of main indices point to a negative opening by falling 0.3% on average. Intel's presentation (+1.3% on pre-market) of new AI chips that will compete with those of Nvidia (-0.1%) and AMD (-0.5%) stood out
- In Mexico, the IPC may show some relief after yesterday's -6.1% correction, although we do not rule out the possibility that volatility may continue

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. 10-year European rates decrease 3bps, on average, while Treasuries' curve records gains of 3bps. Yesterday, the Mbonos' curve steepened as a result of a 20bps sell-off at the long-end, with the 10-year benchmark closing 9.92% (+16bps)
- Dollar advances against most of the G10 currencies, except for JPY (+0.9%) and CHF (+0.4%). In EM, the bias is also negative. Meanwhile, MXN trades as the weakest with a 1.3% depreciation at 17.93 per dollar, extending the previous session's losses of almost 4.0%
- Crude-oil futures extend declines following OPEC+'s plan to return barrels to the market earlier than expected, raising concerns that the market will be oversupplied. Widespread losses in metals, with copper and gold falling 2.4% and 0.7%, respectively

Corporate Debt

- Fitch Ratings upgraded the rating of the ZONALCB 06U issuance (Santa Ana-Altar highway section in the State of Sonora) to 'AA+(mex)vra' from 'AA(mex)vra' and of the ZONALCB 06-2U issuance to 'A+' (mex)vra' from 'A(mex)vra'. Likewise, it affirmed the rating of the ZONALCB 06-3U issue at 'B-(mex)vra'. The outlook is stable. According to the agency, the rating increase reflects that, although the volume of traffic recorded by the highway was slightly lower than Fitch's projections, the financial performance exceeded expectations
- Fitch Ratings affirmed Megacable Holdings' rating at 'AAA(mex)'. The outlook is stable. The ratification reflects its market position as one of the leading telecommunications companies in Mexico, offering services for the residential and business segments

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,571.03	-0.3%
S&P 500	5,283.40	0.1%
Nasdaq	16,828.67	0.6%
IPC	51,807.55	-6.1%
Ibovespa	122,031.58	-0.1%
Euro Stoxx 50	5,003.54	0.4%
FTSE 100	8,262.75	-0.2%
CAC 40	7,998.02	0.1%
DAX	18,608.16	0.6%
Nikkei 225	38,923.03	1.1%
Hang Seng	18,403.04	1.8%
Shanghai Composite	3,078.49	-0.3%
Sovereign bonds		
2-year Treasuries	4.81	-6pb
10-year Treasuries	4.39	-11pb
28-day Cetes	11.04	1pb
28-day TIIE	11.25	0pb
2-year Mbono	10.76	10pb
10-year Mbono	9.94	16pb
Currencies		
USD/MXN	17.69	4.0%
EUR/USD	1.09	0.5%
GBP/USD	1.28	0.5%
DXY	104.14	-0.5%
Commodities		
WTI	74.22	-3.6%
Brent	78.36	-4.0%
Mexican mix	69.63	-3.9%
Gold	2,350.75	1.0%
Copper	466.75	1.4%

Source: Bloomberg

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