Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, S&P Futures with small changes, government bond yields up and USD steady. Investors optimistic about the tech sector amid growing confidence that central banks across the developed world will be able to ease monetary policy this year**

- **In line with our estimate and the consensus, the European Central Bank cut its reference rates by 25bp with the deposit rate standing at 3.75%. We will be attentive to Lagarde's conference looking for further signals about the forward guidance**

- **Regarding economic figures, in the US the April trade balance was published, resulting with a deficit of -US$74.6 billions (previous: -US$68.6 billions). Additionally, the initial jobless claims for the week ending June 1 posted an increase to 229k (consensus: 220k; previous: 221k). The Challenger, Gray & Christmas report reported 63,816 job cuts in May, adding 385,859 so far this year**

- **At night, in China figures for May's trade balance will be released, where the consensus estimates a smaller surplus compared to the previous month**

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Winners of the awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023

LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster Economic Indicators for Mexico 2023

FOCUS ECONOMICS ANALYST FORECAST AWARDS 2023

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Retail sales* - Apr	% m/m	--	-0.2	0.8
8:15	Monetary policy decision (ECB)	%	3.75	3.75	4.00
8:45	ECB President Christine Lagarde Holds Press Conference				
United States					
8:30	Trade balance* - Apr	US$bn	--	-76.4	-69.4
8:30	Initial jobless claims* - Jun 1	thousands	217	220	219
China					
23:00	Trade balance - May	USDbn	--	71.5	72.4
23:00	Exports - May	% y/y	--	5.1	1.5
23:00	Imports - May	% y/y	--	4.7	8.4

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	5,363.50	0.0%
Euro Stoxx 50	5,049.94	0.3%
Nikkei 225	38,703.51	0.6%
Shanghai Composite	3,048.79	-0.5%
Currencies		
USD/MXN	17.58	0.3%
EUR/USD	1.09	0.1%
DXY	104.22	0.0%
Commodities		
WTI	74.45	0.5%
Brent	78.73	0.4%
Gold	2,356.70	0.1%
Copper	464.95	0.9%
Sovereign bonds		
10-year Treasury	4.32	4pb

Source: Bloomberg

Equities

- **Appetite for risk assets prevails, reflecting advances in main stock markets. The positive sentiment has been driven by companies linked to artificial intelligence, which continue with solid results and favorable prospects. Nvidia, in particular, is now trading above US$3 billion in market capitalization**

- **Futures in the US anticipate an unchanged opening, taking a breather after the recent record highs of the S&P500 and Nasdaq. Europe trades positive and the Eurostoxx is climbing 0.3%, supported by technology companies. Asia closed with a positive bias, with the Nikkei up 0.6% and the Hang Seng up 0.3%**

- **In corporate news, Lululemon Athletica raised its full-year earnings forecast and beat market expectations for first-quarter results. Share price rises more than 9.0% in pre-market**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. The 10-year European rates rise 5bps, on average, and the Treasuries' yield curve record losses of 2bps. Yesterday, the Mbonos' curve printed a 12bps rally, with the 10-year benchmark at 9.80% (-11bps). However, the local risk premium stands close to 12-month highs at 552bps**

- **Dollar weakens against all G10 currencies with CHF (+0.3%) as the strongest. In EM, the bias is mixed MXN as the weakest, trading at 17.61 per dollar (-0.5%). This adjustment offsets part of yesterday's appreciation of 1.9%**

- **Widespread gains in commodities. Crude-oil futures gains as the Saudi energy minister warning that OPEC+ planned production increases can be reversed. In metals, copper and gold advance 1.2% and 0.2%, respectively**

Corporate Debt

- **HR Ratings affirmed the rating of ten issues of TFOVIS, TFOVICB and FOVISCB at 'HR AAA (E)' with a Stable outlook. According to the agency, the ratification is based on the level observed in the over collateral of each issue, which increased in the last twelve months due to early amortizations; for this reason, the over collateral was above the level observed at the time of placement and above HR Ratings' projections under a stress scenario**

- **PCR Verum affirmed Banregio's 'AAA/M' and '1+/M' long-term and short-term ratings. The outlook remains Stable. According to the agency, the ratings are based on its good positioning within its target market; its outstanding financial performance, mainly in profitability and operating efficiency**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,807.33	0.2%
S&P 500	5,354.03	1.2%
Nasdaq	17,187.90	2.0%
IPC	54,410.51	1.7%
Ibovespa	121,407.33	-0.3%
Euro Stoxx 50	5,035.66	1.7%
FTSE 100	8,246.95	0.2%
CAC 40	8,006.57	0.9%
DAX	18,575.94	0.9%
Nikkei 225	38,490.17	-0.9%
Hang Seng	18,424.96	-0.1%
Shanghai Composite	3,065.40	-0.8%
Sovereign bonds		
2-year Treasuries	4.72	-5pb
10-year Treasuries	4.28	-5pb
28-day Cetes	11.04	0pb
28-day TIIE	11.25	0pb
2-year Mbono	10.61	-12pb
10-year Mbono	9.80	-13pb
Currencies		
USD/MXN	17.52	-1.9%
EUR/USD	1.09	-0.1%
GBP/USD	1.28	0.1%
DXY	104.27	0.2%
Commodities		
WTI	74.07	1.1%
Brent	78.41	1.1%
Mexican mix	69.02	1.1%
Gold	2,355.32	1.2%
Copper	460.60	1.5%

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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	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
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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