

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets lower, government bond yields to the upside, and USD strong. Investors react to a better-than-expected nonfarm payrolls report, with 272 thousand new jobs and the unemployment rate ticking up to 4.0% from 3.9% in April. This lowers the odds of Fed rate cuts during the rest of the year
- Later today, April's consumer credit in the US, with investors also on the lookout to the comments from Lagarde after the ECB's rate cut yesterday
- Germany's industrial production surprised to the downside in April at -0.1% m/m, reinforcing the message from yesterday's factory orders, which were also weak
- India's central bank left its interest rate unchanged at 6.5%, in line with consensus. The institution remains focused on inflation in a backdrop of higher uncertainty after unexpected election results
- In China, exports in May rebounded 7.6% y/y, above expectations, while imports grew 1.8%. These figures suggest that the global economy is in a better-than-anticipated footing
- Mexico's inflation in May surprised to the downside at -0.19% m/m, with the core component also below forecasts at 0.17%. With this, the annual rate increased to 4.69% from 4.65% in April, with the core dropping to 4.21% from 4.37% in the same period

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
2:00	GER Industrial production* - Apr	% m/m	--	0.2	-0.4
2:00	GER Trade balance - Apr	EURbn	--	23.4	22.2
5:00	EZ Gross domestic product - 1Q24 (F)	% q/q	--	0.4	0.4
5:00	EZ Gross domestic product* - 1Q24 (F)	% q/q	--	0.3	0.3
Mexico					
8:00	Consumer prices - May	% m/m	-0.04	-0.05	0.20
8:00	Core - May	% m/m	0.24	0.24	0.21
8:00	Consumer prices - May	% y/y	4.84	4.83	4.65
8:00	Core - May	% y/y	4.28	4.28	4.37
United States					
8:30	Nonfarm payrolls* - May	thousands	195	190	175
8:30	Unemployment rate* - May	%	3.9	3.9	3.9
15:00	Consumer credit* - Apr	US\$bn	--	10.0	6.3

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	5,345.75	-0.3%
Euro Stoxx 50	5,040.45	-0.6%
Nikkei 225	38,683.93	-0.1%
Shanghai Composite	3,051.28	0.1%
Currencies		
USD/MXN	17.97	0.0%
EUR/USD	1.09	0.1%
DXY	104.07	0.0%
Commodities		
WTI	75.99	0.6%
Brent	80.24	0.5%
Gold	2,333.18	-1.8%
Copper	457.80	-2.1%
Sovereign bonds		
10-year Treasury	4.29	0pb

Source: Bloomberg

Equities

- Mixed returns in the main stock indices, although the negative bias clearly prevails. Futures in the US show drops with the S&P500 trading 0.3% below its theoretical value, while the recently published employment figures in the US are assimilated
- In corporate news, Gamestop shares continue with abrupt movements. They are now down about 20% after the announcement that it would sell up to 75 million additional shares. Meanwhile, we remind that the 10-to-1 Nvidia split will be effective at today's close
- In Mexico, Oma's passenger traffic surprised positively by showing an advance of +0.6% vs -6.0%e during May. In Asur the increase was 3.1% vs 2.0%e, while in Volar there was a 14.8% drop in total passenger traffic

Sovereign fixed income, currencies and commodities

- Treasuries sell-off in the aftermath of the NFP, averaging losses of 12bps starting from the 2-year region, with some maturities observing pressures of up to 15bps. The implied discount for Fed rate cuts no longer fully incorporates reductions before December
- The USD reverses losses and strengthens broadly against G10 currencies, while in EM markets, the balance remains mixed, although also limiting better performance prior to the employment report. The MXN trades at 17.97 (wo/ch), heading for a 5% w/w depreciation
- Crude oil rises for the third session, recovering part of the week's losses, supported in recent hours by new comments from OPEC+ members indicating that the reintegration of production is contingent on market conditions. Metals fall, with gold hit after it was revealed that the PBoC did not add gold to its reserves in May

Corporate Debt

- Fitch Ratings affirmed the 'AAA(mex)' rating of 11 Fovissste securitizations. The outlook is Stable. According to the agency, the ratings follow the mitigated operational risk, as well as the robust overcollateralization and additional protection of 23.2% of the outstanding balance from SHF's Timely Payment Guarantee
- PCR Verum affirmed Fibra HD's 'AA/M' and '1+/M' long-term and short-term ratings, respectively. The rating outlook remains Stable. According to the agency, the ratings contemplate the good evolution of its leverage, in the process of reaching moderate levels in the short term, while understanding the containment of its investment needs and the adequate maturity profile of its debt

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,886.17	0.2%
S&P 500	5,352.96	0.0%
Nasdaq	17,173.12	-0.1%
IPC	54,477.25	0.1%
Ibovespa	122,898.80	1.2%
Euro Stoxx 50	5,069.09	0.7%
FTSE 100	8,285.34	0.5%
CAC 40	8,040.12	0.4%
DAX	18,652.67	0.4%
Nikkei 225	38,703.51	0.6%
Hang Seng	18,476.80	0.3%
Shanghai Composite	3,048.79	-0.5%
Sovereign bonds		
2-year Treasuries	4.72	0pb
10-year Treasuries	4.29	1pb
28-day Cetes	11.02	-2pb
28-day TIIE	11.25	0pb
2-year Mbono	10.66	5pb
10-year Mbono	9.76	-4pb
Currencies		
USD/MXN	17.99	2.6%
EUR/USD	1.09	0.2%
GBP/USD	1.28	0.0%
DX	104.10	-0.2%
Commodities		
WTI	75.55	2.0%
Brent	79.87	1.9%
Mexican mix	70.46	2.1%
Gold	2,376.06	0.9%
Copper	467.80	1.6%

Source: Bloomberg

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