Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today...

- **Stock markets, government bond yields and USD lower. Nervousness prevails on trade despite comments from President Trump that deals with some countries could be reached soon. Nevertheless, he also said there are no plans to talk with Xi Jinping this week, while he imposed a 100% tariff to foreign-produced movies**

- **Releases today include April's PMI and ISM services in the US, with the Caixin indicator for the same sector in China**

- **Market attention this week on the Fed decision. The consensus is strong that the interest rate range will be kept unchanged, but we are going to focus on the comments from Chair Powell given mixed economic data recently**

- **Monetary decisions in the Czech Republic, Brazil, Poland, Malaysia, Sweden, Norway, UK, and Peru. Moreover, speeches from Fed members will resume, with comments also from several of the ECB**

- **In events, US Treasury Secretary Scott Bessent will attend a hearing in the House of Representatives to discuss economic policy. Moreover, European Union Foreign Ministers will meet in Warsaw**

- **The rest of the US economic agenda includes the trade balance and consumer credit (Mar), along with the survey of inflation expectations conducted by the New York Fed**

- **In other regions, retail sales (Mar) in the Eurozone; trade balance and inflation (Apr) in China; industrial production (Mar) in Germany and Brazil, also with consumer prices (Apr) in the latter country**

- **In Mexico, the agenda is full, with data including gross fixed investment, private consumption (Feb), inflation, wage negotiations, and consumer confidence (Apr), in addition to the banking sector expectations survey**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
9:45	Services PMI* - Apr (F)	index	51.4	51.0	51.4
9:45	Composite PMI* - Apr (F)	index	51.2	--	51.2
10:00	ISM services* - Apr	index	50.4	50.3	50.8
China					
21:45	Services PMI (Caixin)* - Apr	index	--	51.8	51.9
21:45	Composite PMI (Caixin)* - Apr	index	--	--	51.8

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,661.75	-0.8%
Euro Stoxx 50	5,269.28	-0.3%
Nikkei 225	36,830.69	0.0%
Shanghai Composite	3,279.03	0.0%
Currencies		
USD/MXN	19.59	0.0%
EUR/USD	1.13	0.4%
DXY	99.64	-0.4%
Commodities		
WTI	57.32	-1.7%
Brent	60.44	-1.4%
Gold	3,315.92	2.3%
Copper	468.40	1.2%
Sovereign bonds		
10-year Treasury	4.30	0pb

Source: Bloomberg

Equities

- **Negative bias in main stock indices due to trade uncertainty. In addition, investors are preparing to evaluate the earnings results of 93 companies in the S&P500 this week**

- **In this sense, US futures are down 0.9% on average. If this continues, the S&P500 would end its winning streak of 9 consecutive days higher, its longest streak in two decades. We note the decline in Communications companies: Netflix (-5.4%), Walt Disney (-2.9%) and Warner Bros Discovery (-2.8%)**

- **In Europe, the Eurostoxx declined 0.3%, pressured by Materials (-2.0%) and Consumer Staples (-1.0%). In Asia, the markets of Japan, China, and Hong Kong were closed for public holidays**

Sovereign fixed income, currencies and commodities

- **Treasuries mixed, with the front and belly rallying 2bps vs pressures of 1-2bps from the 10-year sector. The curve is currently pricing in a 25bps rate cut by the Fed in July, with cumulative easing of -83bps for 2025. European sovereigns gain 2bps in 10-year benchmarks, with markets closed in the UK, China, and Japan**
- **The USD weakens, with all G10 currencies advancing. AUD (+1%) led, while EUR (+0.5%) firms at 1.1350. EMFX posts solid performance, highlighting a 2.4% rally in the TWD, extending Friday's 4.2% gain amid speculation about USD conversions by exporters. The central bank has called for an end to speculative activity and intervened to curb volatility. The MXN trades broadly unchanged at 19.59**
- **Oil slides ~2% after a new increase in monthly OPEC+ production. A mostly risk-off session pushes gold 2.4% higher**

Corporate Debt

- **This week, three long-term auctions in the corporate market are scheduled by: (i) Genomma Lab, LAB 25 / 25-2, with MXN 1.2 billion and with 6- and 7-year terms; (ii) Ferrocarril Mexicano, FERROMX 25 / 25-2, with MXN 5.5 billion and 3.5- and 7-year terms; and (iii) Serfimex Capital, SERFICB 25, with MXN 300 million and a 4.5-year term**

- **Also, in the banking market, one long-term auction is scheduled by Banobras, BANOB 25 / 25-2 / 25-3, with MXN 15.0 billion and with 3.3-, 7- and 12-year terms**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,317.43	1.4%
S&P 500	5,686.67	1.5%
Nasdaq	17,977.73	1.5%
IPC	55,811.99	-0.8%
Ibovespa	135,133.88	0.0%
Euro Stoxx 50	5,285.19	2.4%
FTSE 100	8,596.35	1.2%
CAC 40	7,770.48	2.3%
DAX	23,086.65	2.6%
Nikkei 225	36,830.69	1.0%
Hang Seng	22,504.68	1.7%
Shanghai Composite	3,279.03	0.0%
Sovereign bonds		
2-year Treasuries	3.82	13pb
10-year Treasuries	4.31	9pb
28-day Cetes	8.82	3pb
28-day TIIE	9.35	1pb
2-year Mbono	8.31	7pb
10-year Mbono	9.43	7pb
Currencies		
USD/MXN	19.59	-0.1%
EUR/USD	1.13	0.1%
GBP/USD	1.33	0.0%
DXY	100.03	-0.2%
Commodities		
WTI	58.29	-1.6%
Brent	61.29	-1.4%
Mexican mix	54.68	-2.0%
Gold	3,240.49	0.0%
Copper	467.30	1.0%

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, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, 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, Ana Laura Zaragoza Félix, 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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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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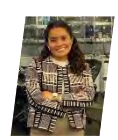

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