

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed, with S&P500 futures and the USD higher, and government bond yields mixed, amid positive sentiment driven by the confirmation of trade talks between China and the US
- US and Chinese officials will hold their first meeting this weekend to try to reduce trade tensions between the two countries. This first rapprochement since the US imposed tariffs on China is expected to focus on temporary concessions, not a more lasting agreement
- On the monetary front, we will be closely watching the Fed's decision, where we do not expect any adjustments to the Fed funds rate. It should be noted that macroeconomic estimates will not be published at this meeting, so the most relevant information will come from the press conference by its Chairman, Jerome Powell. The PBoC cut its seven-day reverse repo rate to 1.4%, also reducing the amount of reserves that banks must hold by 50bps. These stimulus measures are in addition to others taken by the central government and local authorities, seeking to sustain the economy in a highly uncertain environment
- Regarding economic data, in the Eurozone, retail sales in March fell 0.1% m/m. Meanwhile, industrial production in Brazil for the same month surprised to the upside, up 1.2% m/m. It is worth noting that a monetary policy decision is also expected in the latter country, forecasting a 50bps hike to 14.75%
- Tensions between India and Pakistan continue to escalate, with attacks on nine targets in Pakistan, while five Indian planes were shot down in retaliation

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Retail sales* - Mar	% m/m	--	-0.1	0.3
Brazil					
8:00	Industrial production - Mar	% m/m	--	1.4	1.5
8:00	Industrial production* - Mar	% y/y	--	0.3	-0.1
17:30	Monetary policy decision (C. bank of Brazil	%	14.75	14.75	14.25
United States					
14:00	FOMC Rate Decision (Upper Bound)	%	4.50	4.50	4.50
14:00	FOMC Rate Decision (Lower Bound)	%	4.25	4.25	4.25
14:00	Interest Rate on Excess Reserves (IOER)	%	4.40	4.40	4.40
14:30	Fed Chair Powell Holds Post-Meeting Press Conference				
15:00	Consumer credit* - Mar	US\$bn	--	10.0	-0.8
Japan					
19:50	BOJ minutes				

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	5,647.00	0.4%
Euro Stoxx 50	5,245.63	-0.3%
Nikkei 225	36,779.66	-0.1%
Shanghai Composite	3,342.67	0.8%
Currencies		
USD/MXN	19.63	-0.2%
EUR/USD	1.14	-0.1%
DX	99.44	0.2%
Commodities		
WTI	59.14	0.1%
Brent	62.35	0.3%
Gold	3,389.75	-1.2%
Copper	463.35	-2.1%
Sovereign bonds		
10-year Treasury	4.31	2pb

Source: Bloomberg

Equities

- Global equity markets trade mostly higher, supported by expectations of easing trade tensions. In the US, futures point to a positive open, with the S&P 500 and Nasdaq up 0.4% and 0.3%, respectively
- Europe trades with losses. The Eurostoxx down 0.2%, weighed by weakness in the healthcare sector. In Asia, major indices advance, bolstered by China's interest rate cut and hopes for renewed dialogue with the US
- On the corporate front, AMD beat estimates and issued upbeat guidance, though it flagged higher costs tied to new US restrictions on chip exports. Disney also topped expectations and raised its full-year outlook, citing strong results in streaming segment and theme parks. In contrast, Super Micro Computer lowered its guidance due to order delays. In Mexico, Gap reported a 9.1% y/y increase in April passenger traffic, while Oma posted an 18.8% gain

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. The Treasuries' curve marks a flattening bias due to losses at the short-end of 3bps and few changes at the long-end. By contrast, 10-year rates in Europe decline 4bps on average. Yesterday, the Mbonos' curve in Mexico registered gains of 6bps, with the 10-year benchmark (Nov'34) closing at 9.35% (-8bps)
- The USD advances against all developed currencies, with JPY (-0.6%) as the weakest. In emerging markets, the bias is negative; however, the Mexican peso is one of the few in positive territory. The currency is trading at 19.63 per dollar with an appreciation of 0.2%
- Crude-oil futures extend gains after rising more than 3% in the previous session as the US and China agreed to start trade talks. In metals, gold weakens 1.2%

Corporate Debt

- Moody's Ratings placed Fibra Uno's senior unsecured ratings of 'Baa3 on review for downgrade. Previously, the outlook was Stable. The rating action comes as the agency is assessing Fibra Uno's ability to deleverage and improve its credit metrics, while reviewing its plans to refinance its short-term maturities
- Fitch Ratings affirmed the national ratings of Fovissste's MBS and the issue FHIPOCB 17U at 'AAA(mex)vra' with Stable outlook. The affirmation follows its assessment of lower operational risk due to Fovissste's adequate management, stable financial margins and an increasing interest coverage ratio in all transactions

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	40,829.00	-0.9%
S&P 500	5,606.91	-0.8%
Nasdaq	17,689.66	-0.9%
IPC	57,349.84	2.7%
Ibovespa	133,515.82	0.0%
Euro Stoxx 50	5,263.38	-0.4%
FTSE 100	8,597.42	0.0%
CAC 40	7,696.92	-0.4%
DAX	23,249.65	-0.4%
Nikkei 225	36,830.69	0.0%
Hang Seng	22,662.71	0.7%
Shanghai Composite	3,316.11	1.1%
Sovereign bonds		
2-year Treasuries	3.78	-5pb
10-year Treasuries	4.29	-5pb
28-day Cetes	8.55	-19pb
28-day TIIE	9.29	1pb
2-year Mbono	8.25	-3pb
10-year Mbono	9.38	-7pb
Currencies		
USD/MXN	19.67	-0.1%
EUR/USD	1.14	0.5%
GBP/USD	1.34	0.5%
DX	99.24	-0.6%
Commodities		
WTI	59.09	3.4%
Brent	62.15	3.2%
Mexican mix	55.33	1.2%
Gold	3,431.77	2.9%
Copper	477.80	1.7%

Source: Bloomberg

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