

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets biased negative, government bond yields and USD down on sentiment that the equity rally is losing momentum. Also, the US and South Korea discussed their currency policies, increasing speculation that the Trump administration could be open to a weaker dollar
- On the monetary policy front, Fed speakers are expected to participate, we expect remarks from Waller, Jefferson, Daly, and Goolsbee
- In other events, the China-CELAC forum is being held, with the participation of Chilean president, Gabriel Boric and Colombian Gustavo Petro, among others. Meanwhile, Brazilian president Lula da Silva is seeking new horizons after his visit to China, where he signed more than 30 agreements. Meanwhile, the head of the Brazilian Central Bank, Gabriel Galípolo, will meet with Pan Gongsheng, Governor of the People's Bank of China
- The economic agenda in the US only includes MBA mortgage applications for the week ending May 9
- In Germany, final inflation for April stood at 0.4% m/m and 2.1% y/y as preliminarily reported
- In Mexico, we will publish the Banorte's Housing Price Index (INBAPREVI) for April

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Consumer prices - Apr (F)	% y/y	--	2.1	2.1
Mexico					
11:00	Banorte's Housing Price Index (INBAPREVI) - Apr				
United States					
5:15	Fed's Waller Speaks on Central Bank Research in Morocco				
9:10	Fed's Jefferson Speaks on Economic Outlook at a virtual event				
17:40	Fed's Daly Speaks in Fireside Chat				

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	5,920.75	0.3%
Euro Stoxx 50	5,409.31	-0.1%
Nikkei 225	38,128.13	-0.1%
Shanghai Composite	3,403.95	0.9%
Currencies		
USD/MXN	19.32	-0.5%
EUR/USD	1.12	0.3%
DXY	100.59	-0.4%
Commodities		
WTI	63.02	-1.0%
Brent	66.00	-0.9%
Gold	3,205.09	-1.4%
Copper	469.10	0.2%
Sovereign bonds		
10-year Treasury	4.49	2pb

Source: Bloomberg

Equities

- The main stock indexes show a positive bias, supported by signs of easing trade tensions. US futures continue to rise after the previous session fully erased the year-to-date losses
- European markets trade mixed, with the Eurostoxx posting losses. Weakness in Health Care and Energy offsets gains in the Communications sector. Burberry shares rose 9% after the company announced plans to cut nearly 20% of its workforce. In Asia, markets closed higher. Tencent Holdings, China's most valuable company, reported strong results, driven by its videogame and social media segments, potentially supporting a rebound in Chinese tech stocks
- Meanwhile, Nvidia continues with positive movements following news that it will ship over 18,000 AI chips to Saudi Arabia. In contrast, American Eagle shares dropped 15% after the company withdrew its full-year guidance

Sovereign fixed income, currencies and commodities

- The US Treasury curve prints a slight steepening, with few changes at the short-end and losses of up to 2bps at the long-end. In Europe, 10-year yields are down by an average of 1bp. Yesterday, the Mbonos curve in Mexico adjusted upward by an average of 2bps
- USD weakens against most G10 currencies, with JPY (+0.9%) leading gains. Among EM, the bias is also positive. The MXN appreciates 0.5% to 19.32 per dollar, extending the previous day's gains (+1.1%)
- Crude-oil futures fall 1% amid rising production and exports from Kazakhstan, which are beginning to strain relations with OPEC+. Performance in metals is mixed, with industrial metals trading higher, while precious metals decline. Copper and gold are trading at +0.4% and -1.2%, respectively

Corporate Debt

- Today, the auction of two bonds by Volkswagen Leasing will take place, VWLEASE 25 / 25-2, for a target amount of MXN 2.0 billion and with 3- and 5-year terms
- HR Ratings affirmed the 'HR D (E)' rating to the issue of GHO Coordinadora, GHOCB 14, with review in Progress. According to the agency, the affirmation reflects the default of the issue's principal and interest payment obligations since April 30, 2024

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,140.43	-0.6%
S&P 500	5,886.55	0.7%
Nasdaq	19,010.08	1.6%
IPC	57,357.54	1.0%
Ibovespa	138,963.11	1.8%
Euro Stoxx 50	5,416.21	0.4%
FTSE 100	8,602.92	0.0%
CAC 40	7,873.83	0.3%
DAX	23,638.56	0.3%
Nikkei 225	38,183.26	1.4%
Hang Seng	23,108.27	-1.9%
Shanghai Composite	3,374.87	0.2%
Sovereign bonds		
2-year Treasuries	4.00	-1pb
10-year Treasuries	4.47	-1pb
28-day Cetes	8.40	-8pb
28-day TIIE	9.28	0pb
2-year Mbono	8.34	2pb
10-year Mbono	9.43	0pb
Currencies		
USD/MXN	19.42	-1.1%
EUR/USD	1.12	0.9%
GBP/USD	1.33	1.0%
DX	101.00	-0.8%
Commodities		
WTI	63.67	2.8%
Brent	66.63	2.6%
Mexican mix	59.71	4.4%
Gold	3,250.31	0.4%
Copper	472.30	2.2%

Source: Bloomberg

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