

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets negative, USD and government bond yields down as investors worry about an economic slowdown, with the main tech stocks falling. Oil prices are down on comments from President Trump that the US is getting closer to a deal on Iran's nuclear program
- In central bank activity, markets will focus on Fed's chair Powell remarks and comments from Barr. In Mexico, Banxico will announce its monetary policy decision, where we expect a 50bps cut
- Regarding economic figures, producer prices for April were released in the US at -0.5% m/m (consensus +0.2%) after a -0.4% drop the previous month. Meanwhile, retail sales slightly exceeded expectations, rising +0.1% m/m (consensus 0.0%), in addition to an upward adjustment the previous month. However, the control group excluding autos, gasoline, food services, and construction materials surprised with a -0.2% m/m decline
- Meanwhile, the New York manufacturing indicator came in below expectations at -9.2pts in May. The Philly Fed came in better than estimated at -4.0pts. Finally, jobless claims came in at 229k, the same as the previous week. Industrial production for April will be released later. In other regions, 1Q25 GDP will be released in Japan

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Producer prices* - Apr	% m/m	--	0.2	-0.4
8:30	Ex. food & energy*-Apr	% m/m	--	0.3	-0.1
8:30	Empire manufacturing* - May	index	-9.0	-8.0	-8.1
8:30	Philadelphia Fed* - May	index	-11.0	-11.0	-26.4
8:30	Advance retail sales* - Apr	% m/m	0.1	0.0	1.5
8:30	Ex autos & gas* - Apr	% m/m	--	0.3	0.9
8:30	Control group* - Apr	% m/m	0.2	0.3	0.4
8:30	Initial jobless claims* - May 10	thousands	231	227	228
8:40	Fed's Powell Speaks on Framework Review at the Thomas Laubach Research Conference				
9:15	Industrial production* - Apr	% m/m	0.2	0.1	-0.3
9:15	Manufacturing production* - Apr	% m/m	0.0	-0.3	0.3
14:05	Fed's Barr Gives Opening Remarks at the 2025 Northeast/Mid-Atlantic Small Business Credit Symposium				
Mexico					
15:00	Monetary policy decision (Banxico)	%	8.50	8.50	9.00
Japan					
19:50	Gross domestic product* - 1Q25 (P)	% q/q	--	-0.1	0.6

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	5,893.75	-0.2%
Euro Stoxx 50	5,383.38	-0.4%
Nikkei 225	37,755.51	-1.0%
Shanghai Composite	3,380.82	-0.7%
Currencies		
USD/MXN	19.34	-0.2%
EUR/USD	1.12	0.2%
DX	100.74	-0.3%
Commodities		
WTI	61.23	-3.0%
Brent	64.20	-2.9%
Gold	3,181.78	0.1%
Copper	459.75	-0.3%
Sovereign bonds		
10-year Treasury	4.50	-3pb

Source: Bloomberg

Equities

- Profit-taking virtually across the board in the major equity indices. Investors question the sustainability of the recent rally as slowdown risks continue
- As a result, US futures trade below their theoretical value, retreating by an average of 0.4%. The technology sector leads the decliners with Nvidia, Palantir Technologies and Tesla falling ~2% before the open. Meanwhile, the Eurostoxx is down 0.4%, with the consumer sector being the hardest hit, and Asia closed negative
- In corporates, Walmart released its results with solid sales growth and beating earnings estimates, the stock is up ~2.8% before the open. The company expects consumer spending to remain robust going forward; however, it noted that price increases due to tariffs will begin this month

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. The US Treasury curve records gains between 2bps and 5bps, with the belly outperforming. In Europe, 10-year rates declined by an average of 4bps. Yesterday, the Mbonos curve was pressured +10bps, with the belly underperforming
- USD prints a mixed performance against G10 currencies, with the JPY (+0.7%) and NZD (-0.4%) at the extremes. Among EM, the bias was positive. The MXN appreciated by 0.2% to 19.34 per dollar, marking its third consecutive day of gains
- Crude-oil futures fell 3%, following President Trump's remarks suggesting that the US and Iran are nearing a deal on the latter's nuclear program. Metal performance was mixed, with precious metals trending higher while industrial metals declined

Corporate Debt

- HR Ratings affirmed Grupo Profuturo's long- and short-term ratings at 'HR AAA' with Stable outlook and 'HR+1', respectively. The affirmation reflects the company's solid debt profile, with negative debt of MXN 3.74 billion at the end of 2024
- Fitch Ratings affirmed the 'AAA(mex)' ratings to two issues of Concesionaria Autopista Perote-Xalapa, CPXACB 24U and CPEXACB 16U, with Stable outlook. The ratings reflect the risk associated with two underlying assets, a fare framework adjusted according to inflation, and a debt structure with structural conditions appropriate for the type of project

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,051.06	-0.2%
S&P 500	5,892.58	0.1%
Nasdaq	19,146.81	0.7%
IPC	57,644.94	0.5%
Ibovespa	138,422.84	-0.4%
Euro Stoxx 50	5,403.44	-0.2%
FTSE 100	8,585.01	-0.2%
CAC 40	7,836.79	-0.5%
DAX	23,527.01	-0.5%
Nikkei 225	38,128.13	-0.1%
Hang Seng	23,640.65	2.3%
Shanghai Composite	3,403.95	0.9%
Sovereign bonds		
2-year Treasuries	4.05	5pb
10-year Treasuries	4.54	7pb
28-day Cetes	8.31	-9pb
28-day TIIE	9.28	0pb
2-year Mbono	8.46	12pb
10-year Mbono	9.53	11pb
Currencies		
USD/MXN	19.38	-0.2%
EUR/USD	1.12	-0.1%
GBP/USD	1.33	-0.3%
DX	101.04	0.0%
Commodities		
WTI	63.15	-0.8%
Brent	66.09	-0.8%
Mexican mix	59.39	-0.5%
Gold	3,177.25	-2.2%
Copper	465.05	-1.5%

Source: Bloomberg

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