

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets with a positive bias –although S&P500 futures are down–, government bond yields mixed, and the USD is positive, with investors betting that US stocks will lag the rest of the world
- President Trump will visit Capitol Hill today to urge House Republicans to overcome their divisions over his budget bill, especially regarding some tax cuts and social security benefits
- Regarding economic data, the Eurozone's current account showed a substantial surplus of €50.9 billion in March. Consumer confidence for May will be reported later. On the monetary front, we have a packed agenda of Fed speakers today. In China, banks cut rates for the first time in seven months, with the one-year prime rate falling 10bps to 3.0%.
- On trade issues, Indian Commerce Minister Piyush Goyal concluded his visit to Washington, pointing to some progress in the negotiations. According to some sources, a three-phase agreement could be reached before July. Meanwhile, Treasury Secretary Scott Bessent is not expected to attend trade talks with Japan this Friday
- Chinese smartphone exports to the US fell 72% in April, impacted by the trade war. In this sense, the Port of Los Angeles reported a 30% drop in imports in early May

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### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
4:00	Current account* - Mar	EURbn	--	--	34.3
10:00	Consumer confidence* - May (P)	index	--	-16.0	-16.7
<b>United States</b>					
9:00	Fed's Bostic Gives Opening Remarks				
9:00	Fed's Barkin Gives Speech at Richmond Fed Conference				
9:30	Fed's Collins Hosts Fed Listens Event in New Hampshire				
13:00	Fed's Musalem Speaks on Economy, Policy				
17:00	Fed's Kugler Gives Commencement Address				
19:00	Fed's Hammack, Daly Give Keynote, Bostic Moderates				
<b>Mexico</b>					
11:00	International reserves - May 16	US\$bn	--	--	239.6
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Feb'30), 30-year Udibono (Oct'54) and 1- and 3-year Bondes F				
16:30	Citi Survey of Economists				

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.
<b>Equity indices</b>		
S&P 500 Futures	5,969.25	-0.2%
Euro Stoxx 50	5,459.06	0.6%
Nikkei 225	37,529.49	0.1%
Shanghai Composite	3,380.48	0.4%
<b>Currencies</b>		
USD/MXN	19.28	-0.2%
EUR/USD	1.12	-0.1%
DXY	100.45	0.0%
<b>Commodities</b>		
WTI	62.55	-0.2%
Brent	65.35	-0.3%
Gold	3,245.04	0.5%
Copper	460.50	-0.6%
<b>Sovereign bonds</b>		
10-year Treasury	4.49	4pb

Source: Bloomberg

## Equities

- Positive bias in the main stock markets. However, investors will be on the lookout for signs that will support the recent rally in stocks. Meanwhile, US futures are mixed and the S&P500 is down 0.2%, opening the possibility of breaking the winning streak of 6 consecutive days
- Europe trades with widespread gains and the Eurostoxx is up 0.6%. Particularly, renewable energy companies are rising (e.g. Orsted +16.0%) after Trump issued an order halting the construction of a wind energy project in New York. Asia closed with a positive bias, supported by favorable corporate events
- In corporate news, Home Depot (+2.3%) maintained its growth guidance for this year due to some consumer resilience in the US. Contemporary Technology Amperex recorded the world's largest IPO for this year, in Hong Kong

## Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. The Treasuries' curve shows a steepening bias with few changes on the short-end and losses of 4bps on the long-end. In addition, the 10-year rates in Europe are trading between -1bp and +2bps. Yesterday, the Mbonos' curve averaged gains of 2bps. The 10-year benchmark closed at 9.40% (-2bps)
- The USD advances against most developed currencies, however, JPY and CHF remain defensive. In EM, the bias is mixed, with Asian currencies in positive territory. The MXN is trading with few changes around 19.30 per dollar, after an appreciation of 0.8% yesterday
- Crude-oil futures are falling after Iran's supreme leader expressed skepticism about talks with the US, further reducing expectations for an agreement on his country's nuclear program. In metals, precious ones are rising, but industrials are marking losses

## Corporate Debt

- Fibra Uno announced that it will prepay its unsecured notes, FUNO 15 (MXN 7.5 billion) and FUNO 21-2X (MXN 5.2 billion) issues on May 30. Fibra Uno has two bonds in the pipeline, which it intends to place for an amount of MXN 7.5 billion (max. MXN 12.5 billion).
- Moody's Local Mexico affirmed the ratings of Fibra Educa ('AA+.mx', Stable), Coca-Cola FEMSA ('AAA.mx') and Sigma Alimentos ('AAA.mx', Stable) following the conclusion of the annual review
- S&P Global Ratings assigned an 'mxAAA' rating to Daimler Mexico's proposed issuance, DAIMLER 25. The rating is based on the irrevocable and unconditional guarantees provided by its parent company Daimler Truck Holding AG

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	42,792.07	0.3%
S&P 500	5,963.60	0.1%
Nasdaq	19,215.46	0.0%
IPC	58,493.39	0.9%
Ibovespa	139,636.41	0.3%
Euro Stoxx 50	5,427.23	0.0%
FTSE 100	8,699.31	0.2%
CAC 40	7,883.63	0.0%
DAX	23,934.98	0.7%
Nikkei 225	37,498.63	-0.7%
Hang Seng	23,332.72	-0.1%
Shanghai Composite	3,367.58	0.0%
<b>Sovereign bonds</b>		
2-year Treasuries	3.98	-2pb
10-year Treasuries	4.45	-3pb
28-day Cetes	8.30	-5pb
28-day TIIE	8.78	1pb
2-year Mbono	8.27	-1pb
10-year Mbono	9.42	-3pb
<b>Currencies</b>		
USD/MXN	19.31	-0.8%
EUR/USD	1.12	0.7%
GBP/USD	1.34	0.6%
DXY	100.43	-0.7%
<b>Commodities</b>		
WTI	62.69	0.3%
Brent	65.54	0.2%
Mexican mix	58.67	0.3%
Gold	3,229.56	0.8%
Copper	467.05	1.7%

Source: Bloomberg

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	Reference
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