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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 negative, bond yields and USD up. Cautious trading with US fiscal discussions in the center of attention, while UK CPI came above expectations inducing upward pressures in bonds. A pickup in oil prices has also joined the latter as well as pressures in Japanese bonds**

- **House Speaker Mike Johnson said Republicans reached an agreement to increase the state and local tax deduction (SALT) to $40,000. The agreement is prompting a backlash from conservatives, who are pushing for further spending cuts to offset the tax reductions**

- **In the UK, April inflation was 3.5% y/y, its highest rate in over a year due to increases in energy, water, and other administered prices. This has led to expectations that the Bank of England has less room to cut rates**

- **The US economic agenda will be empty today. On the monetary policy front, there will be speeches by the Fed's Bowman and Barkin. There will also be several ECB member conferences**

- **In Mexico, INEGI published March's retail sales, up 0.5% m/m (4.3% y/y). Inside, 7 out of the 9 sectors improved, noting online sales (3.0% m/m) and office and leisure (2.4%)**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
2:00	Consumer prices - Apr	% y/y	--	3.3	2.6
2:00	Core - Apr	% y/y	--	3.6	3.4
Mexico					
8:00	Retail sales - Mar	% y/y	3.4	2.5	-1.1
8:00	Retail sales* - Mar	% m/m	0.1	0.1	0.2
United States					
12:15	Fed's Barkin, Bowman Participate in Fed Listens				

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	5,921.00	-0.7%
Euro Stoxx 50	5,437.67	-0.3%
Nikkei 225	37,298.98	-0.6%
Shanghai Composite	3,387.57	0.2%
Currencies		
USD/MXN	19.33	0.4%
EUR/USD	1.13	0.3%
DXY	99.66	-0.5%
Commodities		
WTI	62.92	0.6%
Brent	66.20	1.3%
Gold	3,298.17	0.2%
Copper	470.10	1.0%
Sovereign bonds		
10-year Treasury	4.54	5pb

Source: Bloomberg

Equities

- **Global equities trade lower, as investors weigh trade-related risks, the progress of US tax negotiations, and mixed earnings from major retailers. US futures point to a negative open, with the S&P 500 and Nasdaq down 0.5% and 0.6%, respectively**

- **Europe trades with losses, and the Eurostoxx falls by weakness in Consumer Discretionary. Asian markets closed higher, supported by continued gains in CATL, the world's largest battery maker, following its debut on Hong Kong, fueled by optimism around electric vehicles**

- **Target lowered its full-year sales guidance after delivering a weaker-than-expected quarter, citing softer discretionary spending, low consumer confidence, and external headwinds such as tariffs. Lowe's, reported a 1.7% decline in sales but beat expectations, benefiting from resilient spending on small-scale home improvement projects**

Sovereign fixed income, currencies and commodities

- **Upward pressures bias in sovereign bonds. Treasuries sell-off 3–6bps, with the long-end underperforming, tracking similar moves in recent sessions and following losses across Gilts and JGBs. Focus today on the reopening of the 20-year UST**

- **Weak dollar as the entire G10 complex appreciates, with a favorable backdrop for EMFX. Speculation around potential currency agreements in ongoing tariff negotiations continues to feed into the narrative. The MXN trades in tight ranges, hovering around the 19.35 region (-0.3%)**

- **Oil climbs nearly 1.5% amid escalating tensions between Israel and Iran, offsetting the API's expected build in US inventories set to be released today. Broad-based gains of ~0.5% across major metals, including gold and copper**

Corporate Debt

- **Financiera Independencia announced that it issued US$25 million of Senior Notes in the international markets with a 9.25% coupon and due in 2028. The company will use the net proceeds from the placement for the payment (or prepayment) of its liabilities and for general corporate purposes**

- **Fitch Ratings affirmed Megacable Holdings' rating at 'AAA(mex)' with a Stable outlook. The rating reflects its market position as one of the leading telecommunications companies in Mexico for the residential and business segments**

- **Moody's Local Mexico affirmed Elementia Materiales' ratings at 'AA-.mx' with a Stable outlook following the conclusion of its annual review**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,677.24	-0.3%
S&P 500	5,940.46	-0.4%
Nasdaq	19,142.71	-0.4%
IPC	58,311.15	-0.3%
Ibovespa	140,109.63	0.3%
Euro Stoxx 50	5,454.65	0.5%
FTSE 100	8,781.12	0.9%
CAC 40	7,942.42	0.7%
DAX	24,036.11	0.4%
Nikkei 225	37,529.49	0.1%
Hang Seng	23,681.48	1.5%
Shanghai Composite	3,380.48	0.4%
Sovereign bonds		
2-year Treasuries	3.97	-1pb
10-year Treasuries	4.49	4pb
28-day Cetes	8.15	-15pb
28-day TIIE	8.78	0pb
2-year Mbono	8.26	-1pb
10-year Mbono	9.40	-1pb
Currencies		
USD/MXN	19.27	-0.2%
EUR/USD	1.13	0.4%
GBP/USD	1.34	0.2%
DXY	100.12	-0.3%
Commodities		
WTI	62.56	-0.2%
Brent	65.38	-0.2%
Mexican mix	58.66	0.0%
Gold	3,290.13	1.9%
Copper	465.40	-0.4%

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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	Reference
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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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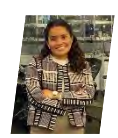

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