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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, USD and government bond yields up as the tax bill passed the House this morning, which would avert a year-end tax increase but add to the US debt burden. The bill will now move to the Senate, where substantial changes are expected**

- **The fiscal plan includes several provisions, such as increasing the limit on the state and local tax deduction (SALT), temporarily exempting tips and overtime pay from taxes, and boosting military spending and immigration enforcement**

- **On the monetary policy front, there will be comments from Fed's Williams. The US economic calendar includes May PMIs, April existing home sales, and jobless claims, which stood at 227k**

- **In Mexico, INEGI released inflation for 1H-May at 0.09% 2w/2w –higher than expected–, with the core at 0.16%. As such, the annual print accelerated to 4.22% from 3.90% in the previous fortnight, with the core at 3.97% (previous: 3.96%)**

- **INEGI also published 1Q25 final GDP at 0.2% q/q (preliminary: 0.2%). In annual terms (nsa) activity stood at 0.8% (preliminary: 0.8%). By sectors, primary activities grew 7.8% q/q, with both industry and services at -0.1%. INEGI also announced March's GDP-proxy IGAE at -0.4% m/m (2.5% y/y). By sectors, industry fell 0.9% m/m, with primary activities at +4.3%, and with services down 0.4%**


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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Gross domestic product - 1Q25 (F)	% y/y	0.9	0.8	0.8
8:00	Gross domestic product* - 1Q25 (F)	% q/q	0.2	0.2	0.2
8:00	Economic activity indicator (IGAE) - Mar	% y/y	3.2	3.0	-0.7
8:00	Economic activity indicator (IGAE)* - Mar	% m/m	0.0	0.0	1.0
8:00	Consumer prices - May 15	% 2w/2w	-0.04	-0.13	0.20
8:00	Core - May 15	% 2w/2w	0.19	0.16	0.13
8:00	Consumer prices - May 15	% y/y	4.09	4.00	3.90
8:00	Core - May 15	% y/y	4.00	3.97	3.96
United States					
8:30	Initial jobless claims* - May 17	thousands	226	230	229
9:45	Manufacturing PMI* - May (P)	index	49.4	49.9	50.2
9:45	Services PMI* - May (P)	index	50.7	51.0	50.8
9:45	Composite PMI* - May (P)	index	--	50.3	50.6
10:00	Existing home sales** - Apr	millions	--	4.1	4.0
14:00	Fed's Williams Gives Keynote Remarks				

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	5,839.25	-0.4%
Euro Stoxx 50	5,388.01	-1.2%
Nikkei 225	36,985.87	-0.8%
Shanghai Composite	3,380.19	-0.2%
Currencies		
USD/MXN	19.45	0.4%
EUR/USD	1.13	-0.4%
DXY	99.76	0.2%
Commodities		
WTI	60.69	-1.4%
Brent	63.98	-1.4%
Gold	3,307.33	-0.2%
Copper	456.50	-1.6%
Sovereign bonds		
10-year Treasury	4.61	1pb

Source: Bloomberg

Equities

- **Fiscal concerns continue in the US, leading stock markets to show widespread declines. Futures are trading below their theoretical value, falling an average of 0.4%, at a time when appetite for US assets is waning**

- **In Europe, the Eurostoxx fell 1.2%, primarily affecting consumer goods and energy companies. Meanwhile, Asia closed negatively, with the Nikkei down 0.8% and the Hang Seng down 1.2%. In Mexico, after yesterday's 0.4% rise, we could see some profit-taking today, expecting the market to consolidate around 58,000 points**

- **In corporates, of the nine S&P 500 companies reporting results today, only Analog Devices has released its results, which were better than expected. Reports from Autodesk, Intuit, Ross Stores, and Workday are expected in the afternoon**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. The US Treasury curve steepened, with 2bps gains at the short-end and 7bps losses at the long-end. In Europe, 10-year rates rose by an average of 2bps. Yesterday, the Mbonos curve steepened with losses of up to 10bps at longer-duration instruments**

- **USD rises in indexes as a result of gains against most G10 and emerging market currencies, halting three consecutive sessions of losses. The MXN depreciates by 0.4% to 19.45 per dollar, extending the previous day's losses (-0.5%)**

- **Crude oil futures fall 1.5% amid expectations that OPEC+ members are discussing a third consecutive increase in crude production in July. Metals are also down, with sharper declines in industrial metals**

Corporate Debt

- **Orbia announced the launch of a cash tender offer for the entirety of its outstanding 4.00% senior notes due 2027. The notes have an aggregate principal amount of US$500 million. The tender offer will expire on May 28, 2025**

- **S&P Global Ratings affirmed Industrias Peñoles' ratings at 'BBB' and 'mxAAA', while revising the outlook to Stable from Negative, reflecting improved expectations regarding the company's leverage profile**

- **S&P Global Ratings also affirmed Red de Carreteras de Occidente's ratings at 'BBB' and 'mxAAA' with a Stable outlook. The agency anticipates a lower debt service coverage ratio (DSCR) in 2026; however, it remains aligned with the current rating level**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,860.44	-1.9%
S&P 500	5,844.61	-1.6%
Nasdaq	18,872.64	-1.4%
IPC	58,568.02	0.4%
Ibovespa	137,881.27	-1.6%
Euro Stoxx 50	5,454.46	0.0%
FTSE 100	8,786.46	0.1%
CAC 40	7,910.49	-0.4%
DAX	24,122.40	0.4%
Nikkei 225	37,298.98	-0.6%
Hang Seng	23,827.78	0.6%
Shanghai Composite	3,387.57	0.2%
Sovereign bonds		
2-year Treasuries	4.02	5pb
10-year Treasuries	4.60	11pb
28-day Cetes	8.17	2pb
28-day TIIE	8.78	0pb
2-year Mbono	8.28	3pb
10-year Mbono	9.46	6pb
Currencies		
USD/MXN	19.37	0.5%
EUR/USD	1.13	0.4%
GBP/USD	1.34	0.2%
DXY	99.56	-0.6%
Commodities		
WTI	61.57	-1.6%
Brent	64.91	-0.7%
Mexican mix	58.46	-0.3%
Gold	3,314.96	0.8%
Copper	467.20	0.4%

Source: Bloomberg

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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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