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, while the government bond yields and the USD are down, with investors cautious and worried about rising trade tensions. There is also concern about the fiscal outlook and the potential increase in the US debt burden as the bill heads to the Senate**

- **Trump threatened with a 50% tariff on European Union products starting June 1st. He also made comments about an additional 25% tariff on Apple if iPhones are not produced in the US**

- **Likewise, Trump's decision to ban international students from enrolling at Harvard raises concerns about US economic dominance**

- **On the monetary policy front, there will be comments from Fed's Musalem and Cook**

- **Regarding economic figures, new home sales and final building permits figures for April will be released in the US**

- **In Mexico, INEGI released April's trade balance, posting a US$88.1 million deficit. Exports fell 0.9% m/m (5.8% y/y), noting a setback in autos. Imports grew 1.2 % m/m (-1.2% y/y), with decreases non-oil flows**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Gross domestic product* - 1Q25 (F)	% q/q	--	0.2	0.2
Mexico					
8:00	Trade balance - Apr	US$mn	-829.3	-675.0	3,442.0
11:00	Current account - 1Q25	US$bn	-17.9	-16.2	12.6
United States					
10:00	New home sales** - Apr	thousands	--	690	724
12:00	Fed's Cook Gives Speech on Financial Stability				

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	5,768.75	-1.5%
Euro Stoxx 50	5,402.71	-0.4%
Nikkei 225	37,160.47	0.5%
Shanghai Composite	3,348.37	-0.9%
Currencies		
USD/MXN	19.32	0.0%
EUR/USD	1.13	0.3%
DXY	99.37	-0.6%
Commodities		
WTI	60.63	-0.9%
Brent	63.88	-0.9%
Gold	3,343.74	1.5%
Copper	470.40	1.2%
Sovereign bonds		
10-year Treasury	4.46	-7pb

Source: Bloomberg

Equities

- **Negative bias in the main stock indices, while trade tensions increase and uncertainty around the US fiscal outlook continues**

- **In that sense, futures anticipate a markedly negative opening with the S&P500 trading 1.5% below its theoretical value. This, after President Trump threatened to impose an additional 25% tariff on Apple if the iPhones are not produced in the US. In Europe, falls exacerbate, after threats of higher tariffs staring June. Asia closed mixed, while the drop in stock markets in China contrasted with the rise in Japan and Hong Kong**

- **In Mexico, the Mexbol may adjust towards 57,000pts, following the behavior of its international peers**

Sovereign fixed income, currencies and commodities

- **Gains in sovereign bonds. The Treasuries' curve shows a steepening bias as a result of higher gains at the short-end of 7bps. In Europe, 10-year rates drop by an average of 6bps. Yesterday, the Mbonos' curve in Mexico recorded gains of 4bps, with the 10-year benchmark (Nov'34) closing at 9.39% (-5bps)**

- **The USD falls against all developed currencies, with NZD (+1.0%) being the strongest. In emerging markets, the bias is also positive; however, the Mexican peso trades little changed at 19.30 per dollar after gaining 0.3% yesterday**

- **Widespread losses in commodities after Donald Trump recommended imposing a 50% tariff on the European Union, reviving trade tensions that previously cratered markets**

Corporate Debt

- **Moody's Local affirmed the 'AAA.mx' ratings to Arca Continental given its annual review. The ratings reflect its competitive position in the markets where it operates due to its extensive product portfolio and broad distributor network**

- **Fitch Ratings upgraded Fortaleza Materiales long-term rating to 'AA-(mex)' from 'A+(mex)' with Stable outlook and short-term rating to 'F1+(mex)' from 'F1(mex)'. The ratings action is driven by improvements in the company´s credit profile given its solid operating performance and debt prepayment of MXN 2.0 billion, as well as Fortaleza's strong business position in the cement industry in Mexico**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,859.09	0.0%
S&P 500	5,842.01	0.0%
Nasdaq	18,925.73	0.3%
IPC	57,894.82	-1.1%
Ibovespa	137,272.59	-0.4%
Euro Stoxx 50	5,424.48	-0.5%
FTSE 100	8,739.26	-0.5%
CAC 40	7,864.44	-0.6%
DAX	23,999.17	-0.5%
Nikkei 225	36,985.87	-0.8%
Hang Seng	23,544.31	-1.2%
Shanghai Composite	3,380.19	-0.2%
Sovereign bonds		
2-year Treasuries	3.99	-3pb
10-year Treasuries	4.53	-7pb
28-day Cetes	8.18	1pb
28-day TIIE	8.78	0pb
2-year Mbono	8.24	-4pb
10-year Mbono	9.42	-4pb
Currencies		
USD/MXN	19.32	-0.3%
EUR/USD	1.13	-0.4%
GBP/USD	1.34	0.0%
DXY	99.96	0.4%
Commodities		
WTI	61.20	-0.6%
Brent	64.44	-0.7%
Mexican mix	57.72	-1.3%
Gold	3,294.52	-0.6%
Copper	467.95	0.2%

Source: Bloomberg

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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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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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