

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, government bond yields down, and USD stronger as Japan signaled changes to its debt sale plans, fueling speculation that demand for US bonds could rise
- Also in Japan, BoJ Governor, Kazuo Ueda, indicated his intention to continue raising the target interest rate if the economy improves as expected
- The European Union is seeking to accelerate trade negotiations with the US after President Trump's 50% tariffs were postponed until July 9th. Initial efforts will focus on critical sectors such as steel, aluminum, autos, pharmaceuticals, semiconductors, and civil aircraft
- On the economic agenda we highlight US durable goods orders in April, as well as May's consumer confidence in the same country. Meanwhile, in the Eurozone, consumer sentiment was unchanged at -15.2 points. Lastly, inflation in France moderated to 0.6% y/y, suggesting there is room for further cuts from the ECB
- On the monetary policy front, Kashkari (Minneapolis Fed) doubled down on his case for continued caution on further rate moves. Williams (New York) will speak later in Japan

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
4:00	Fed's Kashkari Speaks at Bank of Japan Event				
8:30	Durable goods orders* - Apr (P)	% m/m	--	-7.8	7.5
8:30	Ex transportation* - Apr (P)	% m/m	--	0.1	-0.4
9:00	S&P/CoreLogic housing prices - Mar	% y/y	..	4.5	4.5
10:00	Consumer confidence* - May	index	85.5	87.1	86.0
20:00	Fed's Williams Speaks in Moderated Discussion in Tokyo				
Eurozone					
5:00	Consumer confidence - May (F)	index	--	--	-15.2
5:00	Economic confidence* - May	index	--	94.1	93.6
Brazil					
8:00	Consumer prices - May	% m/m	--	0.44	0.43
8:00	Consumer prices - May	% y/y	--	5.49	5.49
Mexico					
11:00	International reserves - May 23	US\$bn	--	--	238.9
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 30-year Mbono (Jul'53), 10-year Udibono (Aug'34) and 2-, 5- and 10-year Bondes F				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,899.00	1.4%
Euro Stoxx 50	5,415.63	0.4%
Nikkei 225	37,724.11	0.5%
Shanghai Composite	3,340.69	-0.2%
Currencies		
USD/MXN	19.25	0.0%
EUR/USD	1.14	-0.3%
DXY	99.36	0.4%
Commodities		
WTI	61.19	-0.6%
Brent	64.45	-0.4%
Gold	3,294.23	-1.5%
Copper	481.10	0.1%
Sovereign bonds		
10-year Treasury	4.47	-4pb

Source: Bloomberg

Equities

- Positive investor sentiment prevails, leading to widespread advances in the stock markets, driven by a perception that risks are diminishing. US futures anticipate an upward opening and the Nasdaq rises 1.5% above its theoretical value, resuming trading after yesterday's holiday
- Europe trades with widespread gains and the Eurostoxx rises 0.4%, driven by the technology sector. Asia closed with a positive bias, highlighting the Nikkei's 0.5% increase. However, BYD fell more than 10% in two days after announcing price cuts, suggesting high competition in the Chinese market
- In corporate news, Autozone posted better-than-expected sales, but had a decline in gross margins. Elsewhere, Trump Media & Technology (+7.6%) is up after reporting that it plans to raise resources to buy cryptocurrencies

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. The Treasuries' curve shows a flattening bias amid greater gains in the long-end. The 20- and 30-year yields drop by 5bps and 6bps, respectively, breaching the 5.00% mark. Meanwhile, 10-year rates in Europe decrease by an average of 2bps. Yesterday, the Mbonos' curve in Mexico saw little change and a steepening bias. The 10-year reference closed at 9.44% (+2bps)
- USD advances against all developed currencies, with JPY (-0.9%) being the weakest. In emerging markets, the bias is negative, but LatAm shows defensive performance. The MXN trades virtually unchanged at 19.25 per dollar. The next key short-term resistance is located at 19.20 per dollar
- Crude-oil futures fall as investors focus on EU trade negotiations and the OPEC+ meeting this weekend. Losses in most precious and industrial metals

Corporate Debt

- Today, the auction of the tap issue of Fimubac, FIMUBCB 24, will take place for a target amount of MXN 300 million and with 4-year term. The bond has ratings of 'AAA(mex)' by Fitch Ratings and 'HR AAA' by HR Ratings
- S&P Global Ratings assigned the 'mxAA+' ratings to Naturgy México's proposed issues, NM 25 / 25-2. According to the agency, the ratings reflect its projections that the company will continue to show stable operating margins and solid cash flows, supported by its customer base and tariff adjustments

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,603.07	0.0%
S&P 500	5,802.82	0.0%
Nasdaq	18,737.21	0.0%
IPC	58,459.16	0.1%
Ibovespa	138,136.14	0.2%
Euro Stoxx 50	5,395.33	1.3%
FTSE 100	8,717.97	0.0%
CAC 40	7,828.13	1.2%
DAX	24,027.65	1.7%
Nikkei 225	37,531.53	1.0%
Hang Seng	23,282.33	-1.4%
Shanghai Composite	3,346.84	0.0%
Sovereign bonds		
2-year Treasuries	3.99	0pb
10-year Treasuries	4.51	0pb
28-day Cetes	8.23	7pb
28-day TIIE	8.80	0pb
2-year Mbono	8.27	4pb
10-year Mbono	9.47	2pb
Currencies		
USD/MXN	19.25	0.0%
EUR/USD	1.14	0.2%
GBP/USD	1.36	0.2%
DX	98.93	-0.2%
Commodities		
WTI	61.53	0.0%
Brent	64.74	-0.1%
Mexican mix	57.98	0.0%
Gold	3,343.84	-0.4%
Copper	483.65	0.0%

Source: Bloomberg

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Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernández
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Hugo Armando Gómez Solís
Senior Strategist, Equity
hugo.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Senior Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Ana Laura Zaragoza Félix
Strategist, Corporate Debt
ana.zaragoza.felix@banorte.com
(55) 1103 - 4000



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430