

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, USD up and government bond yields down after a downward revision on OECD's global estimates for the second time this year reinforced concerns over the impact of the Trump administration's trade policies**
- **The OECD cut its world GDP forecast for 2025 from 3.1% to 2.9%. This is due to rising trade barriers, tightening financial conditions, and lower consumer and business confidence. One of the largest revisions was to the US forecast, now at 1.6% (previously 2.2%). In Mexico, they anticipate growth of 0.4%, up from -1.3% in the previous release**
- **The US economic agenda includes factory orders and job openings (JOLTS) for April, and vehicle sales for May**
- **Eurozone inflation in May surprised on the downside at 1.9% y/y, with the core component moderating sharply to 2.3%. These results will support the expected rate cut from the ECB in its decision this Thursday**
- **In China, the private sector manufacturing PMI (Caixin) fell to 48.3 points in May, its worst level since September 2022**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer prices - May (P)	% y/y	--	2.0	2.2
5:00	Core - May (P)	% y/y	--	2.5	2.7
Brazil					
8:00	Industrial production - Apr	% y/y	--	0.4	3.1
8:00	Industrial production* - Apr	% m/m	--	0.4	1.2
United States					
10:00	Factory orders* - Apr	% m/m	--	-3.1	3.4
10:00	Ex transportation* - Apr	% m/m	--	--	-0.4
10:00	Durable goods orders* - Apr (F)	% m/m	--	-6.3	-6.3
10:00	Ex transportation* - Apr (F)	% m/m	--	--	0.2
10:00	JOLTS Job Openings - Apr	thousands	--	7100	7192
12:45	Fed's Goolsbee Participates in Moderated Q&A				
13:00	Fed's Cook Discusses Economic Outlook and monetary policy				
15:00	Fed's Logan Gives Opening Remarks at Fed Listens				
	Total vehicle sales** - May	millions	--	16.2	17.3
Mexico					
11:00	International reserves - May 30	US\$bn	--	--	239.9
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 20-year Mbono (Nov'42), 20-year Udibono (Nov'43) and 1-, 3- and 7-year Bondes F				

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

June 3, 2025



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,937.50	-0.2%
Euro Stoxx 50	5,344.39	-0.2%
Nikkei 225	37,446.81	-0.1%
Shanghai Composite	3,361.98	0.4%
Currencies		
USD/MXN	19.24	0.1%
EUR/USD	1.14	-0.5%
DX	99.15	0.5%
Commodities		
WTI	63.28	1.2%
Brent	65.30	1.0%
Gold	3,354.13	-0.8%
Copper	478.65	-1.5%
Sovereign bonds		
10-year Treasury	4.41	-3pb

Source: Bloomberg

Equities

- Cautious sentiment continues among investors leading to a negative bias in the stock markets. In that sense, concerns have been found in the impact US tariffs could already be having on corporate earnings growth
- In the US, futures anticipate a negative opening, and the Dow Jones is down 0.2% below its theoretical value. Meanwhile, Europe trades mainly with losses and the Eurostoxx is falling 0.2%, dragged down by the consumer discretionary and materials sectors after weak manufacturing data in China. Finally, Asia closed mixed, but the Hang Seng rose 1.5% due to the expectation of trade negotiations between the US and China
- In corporate matters, Toyota could be privatized by a group led by Akio Toyoda. In turn, Dollar Tree (+3.9%) beat expectations in the quarter and raised its annual earnings forecast

Sovereign fixed income, currencies and commodities

- Gains in sovereign bonds. The Treasuries curve shows a flattening bias as a result of higher gains at the long end of 3bps. In Europe, 10-year rates drop by 2bps on average. Yesterday, the Mbonos' curve in Mexico recorded few adjustments, with the 10-year benchmark (Nov'34) closing at 9.33% (+1bp)
- USD advances against all developed currencies, with SEK (-0.8%) being the weakest. In emerging markets, the bias is also negative led by those in Europe. Meanwhile, the Mexican peso trades with few changes at 19.24 per dollar after gaining 1.1% yesterday
- Crude-oil rises for a second day as supply disruptions from Canada's wildfires offset the latest output increase from OPEC+. Widespread losses in metals, with gold and copper falling 0.8% and 0.3%, respectively

Corporate Debt

- HR Ratings affirmed the 'HR AAA (E)' rating to the issue of Libramiento Elevado de Puebla, LEPCB 18, with Stable outlook. The affirmation follows the mandatory early amortizations to the issue observed during the last twelve months, resulting in an Annualized Stress Ratio of 3.52% and a Debt Life Coverage Ratio of 1.90x
- Moody's Local upgraded Fortaleza Materiales rating to 'AA-mx' from 'A+.mx' and changed the outlook to Stable from Positive. The rating action reflects Fortaleza's strong results during 2024 and the last twelve months to 1Q25, which corresponds to the company's pricing strategy focused on driving sales volume and mitigating the impact on costs

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,305.48	0.1%
S&P 500	5,935.94	0.4%
Nasdaq	19,242.61	0.7%
IPC	57,705.48	-0.2%
Ibovespa	136,786.65	-0.2%
Euro Stoxx 50	5,355.56	-0.2%
FTSE 100	8,774.26	0.0%
CAC 40	7,737.20	-0.2%
DAX	23,930.67	-0.3%
Nikkei 225	37,470.67	-1.3%
Hang Seng	23,157.97	-0.6%
Shanghai Composite	3,347.49	0.0%
Sovereign bonds		
2-year Treasuries	3.94	4pb
10-year Treasuries	4.44	4pb
28-day Cetes	8.40	-7pb
28-day TIIE	8.82	4pb
2-year Mbono	8.20	4pb
10-year Mbono	9.36	2pb
Currencies		
USD/MXN	19.22	-1.1%
EUR/USD	1.14	0.8%
GBP/USD	1.35	0.6%
DX	98.71	-0.6%
Commodities		
WTI	62.52	2.8%
Brent	64.63	1.1%
Mexican mix	58.23	1.9%
Gold	3,381.59	2.8%
Copper	485.85	3.9%

Source: Bloomberg

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