Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

June 5, 2025

Main drivers for the financial markets today...

- **Stock markets positive, with the dollar rising and government bond yields negative, as investors await Friday's jobs report after a mixed series of economic data this week. Concerns continue over US trade negotiations, as well as the costs of President Trump's tax reform**

- **On the monetary front, the ECB cut its interest rates by 25bps, with the deposit rate reaching 2.00%. Later, we will be awaiting a press conference from its President, Christine Lagarde, for clues on coming moves. In the US, we will have comments from Kugler, Harker, and Schmid. In addition, yesterday the Senate confirmed Michelle Bowman as the new vice chair for supervision for the Fed**

- **President Trump banned the entry of individuals from 12 countries, reinstating one of the most controversial measures he imposed during his first term. Some of the countries on the list include Afghanistan, Iran, and Yemen. Moreover, Trump and Republican senators discussed ways to reduce state and municipal tax deductions in the budget proposal, being one of the most important points at the moment**

- **In terms of economic data, factory orders in Germany surprised on the upside in April at 0.6% m/m. Meanwhile, producer prices in the Eurozone fell 2.2 m/m in the same month. In the US, weekly jobless claims accelerated at a margin to 247 thousand. In addition, April's trade balance showed a more moderate deficit of US$61.6 billion. Finally, in Mexico, consumer confidence for May came in at 46.7 points, improving sharply vs April's print**


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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Consumer confidence* - May	index	45.6	45.6	45.3
16:30	Citi Survey of Economists				
Eurozone					
8:15	Monetary policy decision (ECB)	%	2.00	2.00	2.40
8:45	ECB President Christine Lagarde Holds Press Conference				
United States					
8:30	Trade balance* - Apr	US$bn	--	-66.1	-140.5
8:30	Initial jobless claims* - May 31	thousands	233	235	240
12:00	Fed's Kugler Speaks on Economic Outlook, Policy				
13:30	Fed's Schmid Speaks on Banking Policy				
13:30	Fed's Harker Speaks on Economic Outlook				

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	5,973.50	-0.1%
Euro Stoxx 50	5,420.30	0.3%
Nikkei 225	37,554.49	-0.5%
Shanghai Composite	3,384.10	0.2%
Currencies		
USD/MXN	19.21	0.1%
EUR/USD	1.14	0.2%
DXY	98.62	-0.2%
Commodities		
WTI	63.09	0.4%
Brent	65.11	0.4%
Gold	3,393.10	0.6%
Copper	500.35	2.4%
Sovereign bonds		
10-year Treasury	4.33	-3pb

Source: Bloomberg

Equities

- US futures are trading little changed with a positive bias, as investors show uncertainty about trade negotiations and the still unknown impact of tariffs on economic growth. Reports from Broadcom, Lululemon, and Docusign are expected at the close

- Meanwhile, the Eurostoxx rose 0.3%, reacting positively to the European Central Bank's decision, with the healthcare and communications sectors showing the best performance. Asia showed mixed movements, with the Nikkei falling 0.5% and the Hang Seng rising 1.1%

- In Mexico, Volaris reported a 4.2% y/y increase in passenger traffic in May, driven primarily by domestic traffic (+5.4%) and, to a lesser extent, by international traffic (+0.8%). Regarding the Mexbol, we could see little movement today, keeping the index above 57,000 points

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds, the US Treasury curve flattens as a result of 1bp gains at the short-end and 3bps gains at the long-end. In Europe, 10-year yields average a -4bps adjustment following a 25bps cut to the benchmark rate by the ECB. Yesterday, Mbonos posted gains of 7bps

- USD weakens against most G10 currencies, with the NZD (+0.5%) being the strongest. Among EM, the bias is also positive, with Asian currencies leading. The MXN diverges from its peers, ranking as the second weakest in the group, depreciating 0.1% to 19.21 per dollar

- Crude-oil futures rise slightly despite signs that Saudi Arabia is seeking another major production increase at next month’s OPEC+ meeting, overshadowing the summer demand outlook. Metals show a positive bias

Corporate Debt

- Moody's Local affirmed Comisión Federal de Electricidad long- and short-term ratings at 'AAA.mx' and 'ML A-1.mx', respectively, after its annual review. The short-term outlook is Stable. The affirmation primarily considers the entity's ties to the Federal Government

- HR Ratings assigned the 'HR AA-' rating to the proposed issues of Vinte, VINTE 25V / 25-2V, with Stable outlook. The rating considers the estimated improvement in revenues and EBITDA generation after the acquisition of Servicios Corporativos Javer

- PCR Verum upgraded Servicios Corporativos Javer long-term corporate rating to 'AA/M' from 'AA-/M' with Stable outlook. The rating action reflects the solid beginning of the consolidated operations as an important part of Vinte

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,427.74	-0.2%
S&P 500	5,970.81	0.0%
Nasdaq	19,460.49	0.3%
IPC	57,484.52	-0.3%
Ibovespa	137,001.58	-0.4%
Euro Stoxx 50	5,405.15	0.5%
FTSE 100	8,801.29	0.2%
CAC 40	7,804.67	0.5%
DAX	24,276.48	0.8%
Nikkei 225	37,747.45	0.8%
Hang Seng	23,654.03	0.6%
Shanghai Composite	3,376.20	0.4%
Sovereign bonds		
2-year Treasuries	3.87	-8pb
10-year Treasuries	4.36	-10pb
28-day Cetes	8.13	3pb
28-day TIIE	8.76	-2pb
2-year Mbono	8.11	-3pb
10-year Mbono	9.23	-7pb
Currencies		
USD/MXN	19.20	-0.3%
EUR/USD	1.14	0.4%
GBP/USD	1.36	0.3%
DXY	98.79	-0.4%
Commodities		
WTI	62.85	-0.9%
Brent	64.86	-1.2%
Mexican mix	58.57	-1.0%
Gold	3,372.72	0.6%
Copper	488.65	1.1%

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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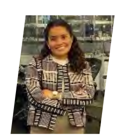

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