

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets and government bond yields negative, with the USD higher. Investors are focused on negotiations between the US and China, remaining cautious as talks have not shown relevant progress**
- **Trade talks between Treasury Secretary Scott Bessent and Vice Premier He Lifeng continued for a second day today in London. According to President Trump, negotiations yesterday were positive, although they remain 'difficult'. According to Commerce Secretary Howard Lutnick, talks are expected to last all day today**
- **House Speaker Mike Johnson urged Senate Republicans not to adjust SALT deductions. It should be noted that differences in the Senate continue, and there is still no agreement in sight to pass President Trump's tax bill**
- **Regarding economic data, 109,000 jobs were lost in May in the United Kingdom, while wage growth slowed to 5.2% year-on-year, its slowest pace in seven months. This has fueled expectations that the BoE will continue cutting its benchmark rate. In Brazil, inflation in May was 0.26% m/m (5.32% y/y), moderating at the margin**
- **Continuing on trade, the Chinese government announced that investigations into EU pork will continue for six more months. It should be noted that these actions came in response to the bloc's investigation into electric vehicles from that country**
- **President Trump ordered the deployment of 700 Marines to Los Angeles as part of efforts to combat protests that have intensified in the city following ICE raids over the weekend**

The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|---------------|--|--------|---------|--------|----------|
| UK | | | | | |
| 2:00 | Unemployment rate* - Apr | % | -- | 4.6 | 4.5 |
| Brazil | | | | | |
| 8:00 | Consumer prices - May | % m/m | -- | 0.32 | 0.43 |
| 8:00 | Consumer prices - May | % y/y | -- | 5.40 | 5.53 |
| Mexico | | | | | |
| 11:00 | International reserves - Jun 6 | US\$bn | -- | -- | 240.0 |
| 13:30 | Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 3-year Mbono (Mar'28), 3-year Udibono (Aug'29) and 2- and 5-year Bondes F | | | | |
| | Wage negotiations - May | % y/y | -- | -- | 7.0 |

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

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A glimpse to the main financial assets

| | Last | Daily chg. |
|------------------------|-----------|------------|
| Equity indices | | |
| S&P 500 Futures | 6,019.75 | 0.2% |
| Euro Stoxx 50 | 5,414.92 | -0.1% |
| Nikkei 225 | 38,211.51 | 0.3% |
| Shanghai Composite | 3,384.82 | -0.4% |
| Currencies | | |
| USD/MXN | 19.04 | 0.0% |
| EUR/USD | 1.14 | 0.1% |
| DX | 99.01 | 0.1% |
| Commodities | | |
| WTI | 65.72 | 0.7% |
| Brent | 67.50 | 0.7% |
| Gold | 3,337.87 | 0.4% |
| Copper | 489.50 | -0.6% |
| Sovereign bonds | | |
| 10-year Treasury | 4.44 | -3pb |

Source: Bloomberg

Equities

- Negative bias in the major stock markets with investors cautious ahead of the US-China trade negotiations. They also remain on the lookout for catalysts to support a clearer direction for equities
- In the US, futures anticipate a slightly positive open. Europe trades mainly with losses and the Eurostoxx is down 0.1%, dragged down by the communication services sector. However, the UK index (FTSE 100) is rising to record highs supported by a positive economic outlook and an easing of trade tensions with the US. In turn, Asia closed mixed
- Taiwan Semiconductor Manufacturing reported a 39.6% increase in May revenue as companies stockpiled chips on trade uncertainty. Casey's rises more than +5.3% pre-market after reporting numbers that beat market expectations

Sovereign fixed income, currencies and commodities

- The Treasury curve flattens due to greater gains at the long-end. European 10-year bonds average 5bps gains, but Gilts rally 10bps as the market completely price-in two 25bps rate cuts for the year from the BoE. Yesterday, the Mbonos' curve in Mexico flattened with losses of 4bps at the short-end and gains of 4bps at the long-end. The 10-year benchmark (Nov'34) closed at 9.17% (-2bps)
- USD trades slightly positive amid a mixed performance in developed and emerging currencies. Meanwhile, the Mexican peso operates virtually unchanged at 19.04 per dollar, after four consecutive days of appreciation
- Energy prices are rising but metals are falling, while the market awaits the result of the second day of trade talks between the two largest economies in the world

Corporate Debt

- Genomma Lab Internacional announced that on June 11, 2025, it will execute the full early redemption of its LAB 23 issuance. The bond has MXN 1.0 billion in outstanding principal, and the issuer will pay a price of MXN 100.0592 per certificate
- HR Ratings upgraded the credit rating of Fibra Storage to 'HR AA+' from 'HR AA', maintaining a Stable outlook. The upgrade is driven by the refinancing of its STORAGE 21-2V issue, which eliminated the prior negative qualitative adjustment applied in the previous review

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| Equity indices | | |
| Dow Jones | 42,761.76 | 0.0% |
| S&P 500 | 6,005.88 | 0.1% |
| Nasdaq | 19,591.24 | 0.3% |
| IPC | 57,813.38 | -0.4% |
| Ibovespa | 135,699.38 | -0.3% |
| Euro Stoxx 50 | 5,421.52 | -0.2% |
| FTSE 100 | 8,832.28 | -0.1% |
| CAC 40 | 7,791.47 | -0.2% |
| DAX | 24,174.32 | -0.5% |
| Nikkei 225 | 38,088.57 | 0.9% |
| Hang Seng | 24,181.43 | 1.6% |
| Shanghai Composite | 3,399.77 | 0.4% |
| Sovereign bonds | | |
| 2-year Treasuries | 4.00 | -3pb |
| 10-year Treasuries | 4.47 | -3pb |
| 28-day Cetes | 8.14 | 5pb |
| 28-day TIIE | 8.72 | -2pb |
| 2-year Mbono | 8.18 | 3pb |
| 10-year Mbono | 9.21 | 1pb |
| Currencies | | |
| USD/MXN | 19.04 | -0.4% |
| EUR/USD | 1.14 | 0.2% |
| GBP/USD | 1.36 | 0.2% |
| DX | 98.94 | -0.3% |
| Commodities | | |
| WTI | 65.29 | 1.1% |
| Brent | 67.04 | 0.9% |
| Mexican mix | 60.70 | 1.1% |
| Gold | 3,326.19 | 0.5% |
| Copper | 492.50 | 1.6% |

Source: Bloomberg

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