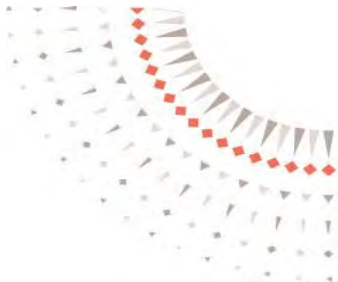


Financial Markets Daily



January 11, 2021

Main drivers for the financial markets today...

- **Stock markets down, USD stronger and government bond yields mixed, with cautious investors on: (1) Concerns over high valuations given negative surprises in economic activity data; (2) More restrictions due to COVID-19, along a new strain; (3) Possible impeachment of president Trump this week; and (4) speculation that the Fed could use its balance sheet tools less aggressively**
- **In China, December inflation stood at 0.2% y/y. In Mexico, industrial production for November has just been published, at -3.7% y/y. Sequentially, activity rose 1.1% m/m, with strength in construction (2.2%), manufacturing unchanged and mining barely up 0.1%**
- **Market attention this week on evolution of COVID-19 cases and deaths after the holidays, albeit also on the progress on vaccination programs worldwide, the Presidential transition process in the US and possible official results of the Georgia runoff election**
- **In monetary policy, we have a plethora of Fed speakers, highlighting Chairman Jerome Powell and Vice-Chair Richard Clarida. The ECB will publish the minutes of its latest policy decision while we will have meetings in Korea, Peru, Poland, and Hungary**
- **In Mexico, INEGI will publish November’s GFI and consumption figures, while the Ministry of Labor will release wage negotiations in December. We will also heed the employment report from IMSS and ANTAD sales, both for the last month of 2020**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Industrial production - Nov	% y/y	-4.4	--	-3.3
7:00	Industrial production* - Nov	% m/m	0.5	--	2.0
7:00	Manufacturing output - Nov	% m/m	-1.6	--	-1.3
	Wage negotiations - Dec	% y/y	--	--	5.2
	ANTAD's same-store sales - Dec	% y/y	--	--	2.6
<i>United States</i>					
11:00	Fed's Bostic discusses his 2021 economic outlook				
17:00	Fed's Kaplan discusses economy and monetary policy				
<i>China</i>					
	Trade balance - Dec	USDbn	--	72.0	75.4
	Exports - Dec	% y/y	--	15.0	21.1
	Imports - Dec	% y/y	--	5.1	4.5

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

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Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,796.50	-0.6%
Euro Stoxx 50	3,627.95	-0.5%
Nikkei 225	28,139.03	0.0%
Shanghai Composite	3,531.50	-1.1%
<i>Currencies</i>		
USD/MXN	20.23	1.1%
EUR/USD	1.22	-0.5%
DX	90.49	0.4%
<i>Commodities</i>		
WTI	51.98	-0.5%
Brent	55.43	-1.0%
Gold	1,848.09	0.0%
Copper	361.30	-1.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.10	-2pb

Source: Bloomberg

Equities

- **Mixed start of the week for global stock markets, though negatively biased, as investors -in light of increasing contagion and some stretched valuations- call for a profit taking following last weeks' rally**
- **That said, US futures are set for a negative opening. Those of the S&P500 trade 0.6% below their fair value, with social media stocks falling more than 1.5% in the pre-market due to concerns of potentially further regulations in the future, after suspending president Trump's accounts. Meanwhile, in Europe, the Stoxx is down 0.5%, with the DAX being an underperformer after dramatically curtailing social contact given raising deaths in said country**
- **In Asia the trading session ended mixed, as the Shanghai Composite dropped 1.1% but the Hang Seng was up 0.1%. Tokyo's stock exchange remained closed due to the coming-of-age holiday**

Sovereign fixed income, currencies and commodities

- **Mixed movements in global rates with European bonds adjusting +/-1bp, while the US Treasuries print a 2bps gain in the long-end of the yield curve. Locally, the Mbonos' curve closed last week with gains of 9bps in short-term tenors, while longer-term securities pressured around 14bps**
- **The USD trades positive (BBDXY +0.5%) amid a negative performance in G10 currencies, with NOK leading losses (-1.1%). In EM, bias is also negative, with TRY as the weakest (-1.2%), while the MXN trades at 20.23 per dollar (-1.1%) extending two negative weeks**
- **Oil prints a negative adjustment (WTI -0.5% and Brent -1.0%) on the back of the uncertainty about the recovery in global demand amid an increase in COVID-19 cases around the world. In metals, gold trades at 1,848 \$/oz t (-0.1%) after an annual gain of 25%, as industrials record a negative balance**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,097.97	0.2%
S&P 500	3,824.68	0.5%
Nasdaq	13,201.98	1.0%
IPC	46,729.30	1.2%
Ibovespa	125,076.60	2.2%
Euro Stoxx 50	3,645.05	0.6%
FTSE 100	6,873.26	0.2%
CAC 40	5,706.88	0.7%
DAX	14,049.53	0.6%
Nikkei 225	28,139.03	2.4%
Hang Seng	27,878.22	1.2%
Shanghai Composite	3,570.11	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.13	0pb
10-year Treasuries	1.12	4pb
28-day Cetes	4.26	-1pb
28-day TIE	4.48	0pb
2-year Mbono	4.25	-2pb
10-year Mbono	5.63	2pb
<i>Currencies</i>		
USD/MXN	20.02	0.0%
EUR/USD	1.22	-0.4%
GBP/USD	1.36	0.0%
DXY	90.10	0.3%
<i>Commodities</i>		
WTI	52.24	2.8%
Brent	55.99	3.0%
Mexican mix	51.52	2.6%
Gold	1,849.01	-3.4%
Copper	367.35	-0.6%

Source: Bloomberg

Corporate Debt

- **S&P Global Ratings affirmed Conmex and its note CONMEX 14U's local-scale ratings at 'mxAAA' and revised the outlook to Stable from Negative based on a gradual increase in traffic on the 'Circuito Exterior Mexiquense'**
- **HR Ratings affirmed Consorcio Ara and its unsecured notes (ARA 17) ratings' at 'HR AA-' and modified the outlook to Positive from Stable, based on the Free Cash Flow generation**
- **Crédito Real announced the joint acquisition and full settlement of a package of credit rights and collection rights, as well as trust rights, held by Banco Ahorro Famsa, through a specific purpose vehicle with two investment funds. The book value of the loan portfolio amounted to MXN 11.06 billion**

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Tania Abdul Massih Jacobo, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Valentín III Mendoza Balderas, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo, Juan Barbier Arizmendi and Eridani Ruibal Ortega, 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
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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