

Financial Markets Daily

January 13, 2021

Main drivers for the financial markets today...

- **Stock markets with few changes but a negative bias, the USD strengthens, and government bond yields lower due to the possibility of a more limited fiscal stimulus package in the US, less dovish comments from Fed members, and increased COVID-19 contagions and restrictions. However, the tone in Europe is more positive, while oil prices climb against a favorable backdrop**
- **In the US, the House of Representatives will discuss the articles of impeachment against President Trump, with a vote scheduled for 5:00pm ET. It is expected that there are enough votes for the accusation to proceed, although there is still uncertainty over steps ahead, with the trial in the Senate possibly not having enough time to be conducted**
- **On economic data, in the US we will be looking into December’s inflation, expecting a slight acceleration to 1.3% y/y, with the core component at 1.6%. We have a packed schedule of Fed speakers, including Bullard, Kashkari, Brainard, Harker and Clarida. This is relevant in a context in which comments have centered on the possibility of a tapering in the pace of bond purchases towards the end of the year, at leas in some member’s opinion**
- **In the Eurozone, November’s industrial production surprised to the upside at +2.5% m/m, driven by capital goods production. On monetary policy, the ECB president, Christine Lagarde, mentioned that growth forecasts for the region seem within reach, considering decreased risks in the outlook. Nevertheless, she added that both fiscal and monetary stimulus is needed**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Industrial production* - Nov	% m/m	--	0.2	2.1
<i>United States</i>					
8:30	Consumer prices* - Dec	% m/m	0.4	0.4	0.2
8:30	Ex. food & energy* - Dec	% m/m	0.1	0.1	0.2
8:30	Consumer prices - Dec	% y/y	1.3	1.3	1.2
8:30	Ex. food & energy - Dec	% y/y	1.6	1.6	1.6
13:00	Fed’s Brainard Discusses Economic Outlook and Full Employment				
13:00	Fed’s Harker discusses the economic outlook				
	Beige Book				
15:00	Fed’s Clarida Discusses Fed’s New Framework				
<i>Mexico</i>					
11:30	Extraordinary Cetes auction – 182, 252, 364, and 630 days				

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.
<i>Equity indices</i>		
S&P 500 Futures	3,785.00	-0.3%
Euro Stoxx 50	3,602.37	-0.3%
Nikkei 225	28,456.59	1.0%
Shanghai Composite	3,598.65	-0.3%
<i>Currencies</i>		
USD/MXN	19.82	0.1%
EUR/USD	1.22	-0.3%
DXY	90.24	0.2%
<i>Commodities</i>		
WTI	53.46	0.5%
Brent	56.72	0.2%
Gold	1,854.86	0.0%
Copper	361.70	0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.12	-1pb

Source: Bloomberg

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Equities

- **Stock markets with mixed movements and small changes, in a context where investors remain attentive to new economic stimulus measures in the US and Europe, as well as to increased contagion and vaccination progress. Furthermore, M&A news gives an additional boost to some issuers, with Carrefour's shares up 14.9% after Alimentation Couche-Tard's announcement of a possible transaction with the retailer, while Telefonica advances 9.0% after the sale of towers in Europe and Latin America to American Tower**
- **In the US, futures anticipate a slightly weak opening, with the S&P500 trading at -0.3%. The Stoxx 600 in Europe is up 0.1%, with the telecommunications sector gaining 0.8%. In Asia, markets closed mixed, where the Nikkei rose 1.0% and the Shanghai Comp fell 0.3%**

Sovereign fixed income, currencies and commodities

- **Gains in global rates with European bonds adjusting -2bps, while the US Treasuries print a 1bp gain in the long-end of the yield curve. In local terms, the Mbonos' curve closed yesterday with a 2bps sell-off, on average**
- **The USD trades positive (BBDXY +0.2%) amid a negative performance in G10 currencies except for GBP (+0.2%). In EM, bias is also negative with CLP as the weakest (-2.3%), while MXN trades at 19.84 per dollar (-0.3%) after a 1.4% appreciation yesterday**
- **Oil prints a positive adjustment (WTI +0.4% and Brent +0.2%) following an unexpected drop in inventories reported by API yesterday with market participants focus on EIA's data today. In metals, gold trades at 1,855 \$/oz t (-0.2%) and industrials record a modest positive balance**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,068.69	0.2%
S&P 500	3,801.19	0.0%
Nasdaq	13,072.43	0.3%
IPC	45,951.77	-1.0%
Ibovespa	123,998.00	0.6%
Euro Stoxx 50	3,612.13	-0.2%
FTSE 100	6,754.11	-0.7%
CAC 40	5,650.97	-0.2%
DAX	13,925.06	-0.1%
Nikkei 225	28,164.34	0.1%
Hang Seng	28,276.75	1.3%
Shanghai Composite	3,608.34	2.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.14	0pb
10-year Treasuries	1.13	-2pb
28-day Cetes	4.19	-5pb
28-day TIE	4.47	0pb
2-year Mbono	4.28	0pb
10-year Mbono	5.70	2pb
<i>Currencies</i>		
USD/MXN	19.79	-1.4%
EUR/USD	1.22	0.5%
GBP/USD	1.37	1.1%
DX	90.09	-0.4%
<i>Commodities</i>		
WTI	53.21	1.8%
Brent	56.58	1.7%
Mexican mix	52.25	1.6%
Gold	1,854.77	0.6%
Copper	360.55	1.2%

Source: Bloomberg

Corporate Debt

- **Grupo Aeroméxico reported that it has not yet been possible to satisfactorily conclude the negotiations of the Collective Bargaining Agreements with the Union Association of Airline Pilots of Mexico (ASPA, for Spanish acronyms) and the Union Association of Flight Attendants of Mexico (ASSA)**
- **UNIFIN Financiera reported the signing of three new credit lines for a total amount of up to MXN7.4 billion**
- **S&P Global Ratings downgraded the national scale long-term rating for issuance GHOCB 14 to ‘mxCC’ from ‘mxCCC’ and of issuance SIPYTCB 13 to ‘mxCC’ from ‘mxB-’. According to the agency, the rating action reflects its view of an increased risk of default on interest payments on upcoming payment dates, as well as a virtual certainty of a principal default on the final due date**

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	Reference
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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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