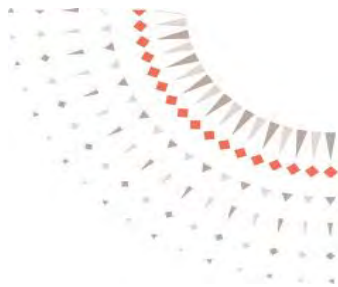


Financial Markets Daily



January 14, 2021

Main drivers for the financial markets today...

- **Positive stock markets, rising government bond yields and stable dollar amid: (1) Possible announcement today of fiscal stimulus greater than expected from Joe Biden; (2) lower tensions between the US and China over technology companies; (3) slightly more dovish Fed members. This despite increased COVID-19 infections and restrictions. Investors will be on the lookout for the start of the corporate reporting season**
- **In this context, President-elect Joe Biden's proposal, expected to be released tonight, could reach US\$ 2 trillion, and will include direct payments of US\$ 2,000, the extension of unemployment benefits and support for state and local governments**
- **After the House of Representatives approved Trump's impeachment, the future of the president is now in the hands of Senate Leader Mitch McConnell, who has said he will block a vote. On the other hand, there is concern in the US about a regulation that is expected to be approved today by the acting director of the OCC, which would force banks to grant loans to controversial industries**
- **Regarding monetary policy, in the US, there will be a plethora of Fed speakers, highlighting the interventions of Powell and Clarida. While in the Eurozone, the last ECB meeting minutes were published, where concern about exchange rate movements was highlighted and it was said that lowering interest rates even more would have a negative effect**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
4:00	GER Gross domestic product* - 2020	% y/y	--	-5.2	0.6
7:30	ECB Minutes				
<i>United States</i>					
8:30	Initial Jobless Claims* - Jan 9	thousands	--	785	787
9:00	Fed's Rosengren speaks about the economy in 2021				
11:00	Fed's Bostic moderates panel on inclusive recovery				
12:30	Powell Takes Part in Princeton Webinar				
13:00	Fed's Kaplan Takes Part in Moderated Q&A				
<i>Peru</i>					
18:00	Monetary policy decision (BCRP)	%	--	0.25	0.25
<i>South Korea</i>					
	Monetary policy decision (C. bank of S. Korea)	%	--	0.50	0.50

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	3,809.00	0.1%
Euro Stoxx 50	3,630.28	0.4%
Nikkei 225	28,698.26	0.8%
Shanghai Composite	3,565.91	-0.9%
<i>Currencies</i>		
USD/MXN	19.80	-0.3%
EUR/USD	1.21	-0.1%
DXY	90.34	0.0%
<i>Commodities</i>		
WTI	52.78	-0.2%
Brent	55.79	-0.5%
Gold	1,841.79	-0.2%
Copper	364.25	0.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.11	2pb

Source: Bloomberg

Document for distribution among public

Equities

- **Mixed movements in stock markets, although the bias is positive. Investors exhibit some optimism concerning further economic stimulus measures in the US, to be announced today. This, in the midst of an environment of increasing contagion, while the recovery expectation supports tolerance for already tight valuations. Thus, US futures anticipate a positive opening, with the S&P 500 trading 0.1% above its theoretical value**
- **In Asia, the session concluded mixed, highlighting a 0.9% drop in the Shanghai, as opposed to a 0.8% increase in the Nikkei. Alibaba and Tencent shares rose after the US chose not to ban investment in these companies. Europe, meanwhile, shows positive variations, with the Eurostoxx rising 0.4% with Consumer and Healthcare sectors leading the gains. Carrefour shares fell 7.4% after the French government opposed Alimentation Couche-Tard's buying of the company**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds, with European assets adjusting -1/+2bp while the US Treasuries curve is printing a 2bp sell-off, mainly in long-term securities. Yesterday the Mbonos curve closed with mixed movements +/-2 bps and the 10-year benchmark closed at 5.67% (-2 bps)**
- **The USD is trading stable amidst a mixed performance in G10 currencies with AUD appreciating 0.4%. In EM, the bias is also mixed ZAR leads the gains (+0.7%) and KRW depreciates 0.3%, while the MXN appreciates 0.3% to 19.78 per dollar**
- **Oil prices decline about 0.3%, halting the gains of previous days on signs of a slowdown in Asian markets. In metals, gold trades at 1,843 \$/oz t (-0.7%) and industrials record mixed movements**

Corporate Debt

- **Cemex informs of partial amortization of a senior guaranteed note with a coupon of 5.7% due in 2025. The total amount of the principal that's being amortized is \$750 million out of the \$1.07 billion in total that is in circulation**
- **Fitch Ratings affirmed Grupo Lala's and its issuances national scale long-term rating at ‘AA(mex)’; the outlook is Negative. According to the agency, Lala's ratings incorporate its strong business position in the dairy industry in Mexico, supported by a highly recognized brand portfolio, a diversified product base and an extensive proprietary distribution system. The Negative outlook reflects a higher leverage level and a lower level of profitability than previously expected by Fitch in its 2020 and 2021 projections**
- **Bondholder's Meeting Agreements of issuance CREYCCB 06U held on January 11th, 2021**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,060.47	0.0%
S&P 500	3,809.84	0.2%
Nasdaq	13,128.95	0.4%
IPC	45,740.15	-0.5%
Ibovespa	121,933.10	-1.7%
Euro Stoxx 50	3,616.51	0.1%
FTSE 100	6,745.52	-0.1%
CAC 40	5,662.67	0.2%
DAX	13,939.71	0.1%
Nikkei 225	28,456.59	1.0%
Hang Seng	28,235.60	-0.1%
Shanghai Composite	3,598.65	-0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	0.14	0pb
10-year Treasuries	1.08	-5pb
28-day Cetes	4.25	6pb
28-day TIEE	4.47	0pb
2-year Mbono	4.29	2pb
10-year Mbono	5.68	-3pb
<i>Currencies</i>		
USD/MXN	19.85	0.3%
EUR/USD	1.22	-0.4%
GBP/USD	1.36	-0.2%
DXY	90.36	0.3%
<i>Commodities</i>		
WTI	52.91	-0.6%
Brent	56.06	-0.9%
Mexican mix	51.91	-0.7%
Gold	1,845.51	-0.5%
Copper	361.70	0.3%

Source: Bloomberg

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 Thalia Orozco Vélez, Gerardo Daniel Valle Trujillo, Eridani Ruibal Ortega, and Juan Barbier Arizmendi 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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Last-twelve-month activities of the business areas.

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Guide for investment recommendations.

	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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