

# Financial Markets Daily

January 15, 2021

## Main drivers for the financial markets today...

- **Stock markets down, with the USD stronger and government bond yields little changed albeit showing a small negative bias. This is driven by: (1) Profit taking after strong gains yesterday; and (2) Joe Biden’s fiscal stimulus package, which faces an uphill battle in the Senate and with concerns that it may boost inflation and higher taxes later on**
- **In this respect, the fiscal stimulus package planned by the new administration totals US\$1.9 trillion, although some of the proposals within the plan could face challenges for their approval in Congress**
- **In Italy, the government agreed to increase debt levels by €32 billion, in a backdrop in which political tensions are on the rise**
- **In economic data, the agenda in the US is heavy, with market’s attention on the retail sales and industrial production reports for December. Considering Fed speakers, we only have the participation of Neel Kashkari today**
- **Going to the Eurozone, November’s trade balance surprised to the upside, showing a €21.5 billion surplus. Meanwhile, industrial production in the region stood at -0.1% m/m in November, starting to show an impact from the second wave of the pandemic**

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## The most relevant economic data...

Event/Period		Unit	Banorte	Survey	Previous
Eurozone and UK					
2:00	Industrial production* - Nov	% m/m	--	--	1.3
5:00	EZ Trade balance* - Nov	EURmn	--	--	25.9
Brazil					
7:00	Retail sales - Nov	% y/y	--	4.8	8.3
7:00	Retail sales* - Nov	% m/m	--	0.3	0.9
United States					
8:30	Producer prices* - Dec	% m/m	--	0.4	0.1
8:30	Ex. food & energy* - Dec	% m/m	--	0.1	0.1
8:30	Empire manufacturing* - Jan	index	6.5	5.5	4.9
8:30	Advance retail sales* - Dec	% m/m	-0.1	0.0	-1.1
8:30	Ex autos & gas* - Dec	% m/m	--	-0.2	-0.9
8:30	Control Group* - Dec	% m/m	0.1	0.2	-0.5
9:15	Industrial production* - Dec	% m/m	0.4	0.4	0.4
9:15	Manufacturing* - Dec	% m/m	0.4	0.4	0.8
10:00	U. of Michigan confidence* - Jan (P)	index	78.0	80.0	80.7

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	3,775.50	-0.4%
Euro Stoxx 50	3,611.37	-0.8%
Nikkei 225	28,519.18	-0.6%
Shanghai Composite	3,566.38	0.0%
Currencies		
USD/MXN	19.82	0.6%
EUR/USD	1.21	-0.2%
DXY	90.44	0.2%
Commodities		
WTI	52.99	-1.1%
Brent	55.64	-1.4%
Gold	1,848.53	0.1%
Copper	362.05	-1.2%
Sovereign bonds		
10-year Treasury	1.10	-3pb

Source: Bloomberg  
Document for distribution among public

### Equities

- **We conclude the week with profit taking among the main stock indices, as Biden’s fiscal proposal is still far from a done deal, and higher taxes may come to the table, while a resurgence in COVID-19 infections keeps investors worried**
- **As such, futures in the US anticipate a negative opening, with the S&P500 trading 0.4% below its theoretical value, awaiting a plethora of economic data and the formal kickoff of the quarterly earnings season**
- **Expect today the release of big banks earnings, including JP Morgan (already beating expectations), Citigroup and Wells Fargo. Bloomberg’s analysts’ consensus anticipates an 8.5% drop in earnings from S&P500 companies**

### Sovereign fixed income, currencies and commodities

- **Mixed activity in global sovereign bonds registering modest pressures of 1bp in European securities although peripheral ones trade under a stronger note, while the US Treasuries’ curve flattens with a rally as strong as of 3bps in the long-end. Yesterday Mbonos closed mixed between ±2pb**
- **The USD strengthens at the end of the week amid a profit taking witnessed in risk assets, with all the G10 universe negative except for JPY and CHF. EM currencies also experience widespread pressures with ZAR leading the losses (-0.9%) while the MXN trades at 19.80 per dollar (-0.5%)**
- **Crude oil falls around 1.5% pushed by the broad adjustment in financial markets and the USD strengthening, heading for modest losses in the week, after two positive weeks in a row. Balance in the metals’ space is also modestly negative with gold stable and losses of 1% in silver**

### Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,991.52	-0.2%
S&P 500	3,795.54	-0.4%
Nasdaq	13,112.64	-0.1%
IPC	46,070.91	0.7%
Ibovespa	123,480.50	1.3%
Euro Stoxx 50	3,641.37	0.7%
FTSE 100	6,801.96	0.8%
CAC 40	5,681.14	0.3%
DAX	13,988.70	0.4%
Nikkei 225	28,698.26	0.8%
Hang Seng	28,496.86	0.9%
Shanghai Composite	3,565.91	-0.9%
<i>Sovereign bonds</i>		
2-year Treasuries	0.14	0pb
10-year Treasuries	1.13	5pb
28-day Cetes	4.24	-1pb
28-day TIE	4.47	0pb
2-year Mbono	4.28	-1pb
10-year Mbono	5.67	-1pb
<i>Currencies</i>		
USD/MXN	19.70	-0.8%
EUR/USD	1.22	0.0%
GBP/USD	1.37	0.4%
DX-Y	90.24	-0.1%
<i>Commodities</i>		
WTI	53.57	1.2%
Brent	56.42	0.6%
Mexican mix	52.15	0.5%
Gold	1,846.53	0.1%
Copper	366.45	1.3%

Source: Bloomberg

### Corporate Debt

- **Crédito Real announced that it completed the international pricing of US\$500 million Senior Notes due 2028, at an 8.00% semi-annual coupon. The Senior Notes 2028 have a 4-year call date (January 21, 2025)**
- **Cemex informed of total amortization of a Senior Guaranteed Note with a coupon of 7.75% due in 2026. The total amount of the principal that's being amortized is \$1.0 billion**
- **Notice of early amortization of issuance DESCB 18 for an amount of MXN33.99 million on January 21st**
- **Fitch Ratings affirmed the long-term national scale rating of issuance BACOMCB 09-3 at ‘AAA(mex)vra’; the outlook is Stable**

## 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, 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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	Reference
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<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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