

# Financial Markets Daily

January 19, 2021

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

- **Stock markets positive, with government bond yields rising and the USD lower as investors look forward to Yellen's audience in the Senate and with corporate results better than expected**
- **At 10:00am (ET), Janet Yellen's testimony before the Senate Finance committee will begin, being part of her process to become the next Treasury Secretary. Although she is expected to discuss a wide array of topics, attention will be on her comments regarding fiscal stimulus, calling for further actions to face the pandemic, as well as on details of the US\$1.9 trillion plan proposed by Joe Biden**
- **In other news, the European Union will unveil a plan which seeks to boost the global role of the euro, looking to reduce the dominance of the USD in a move which seeks to isolate the block from external risks**
- **In economic data, in Germany January's ZEW expectations index rose significantly to 61.8pts from 55.0pts previously, being a positive surprise. Nevertheless, the component that measures current conditions was practically unchanged at -66.4pts. Meanwhile, December's inflation in that country was unchanged relative to the preliminary figure at -5.4% y/y**
- **In Mexico, INEGI published its Timely Indicator of Economic Activity for November and December. For the former, the figure was revised up to -4.3% y/y (sa) from -5.0%, meanwhile for the latter month the print stood at -5.4% y/y**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
2:00	GER Consumer prices - Dec (F)	% m/m	--	0.6	0.6
2:00	GER Consumer prices - Dec (F)	% y/y	--	-0.7	-0.7
4:00	EZ Current account* - nov	EURbn	--	--	26.6
5:00	GER ZEW Survey (Expectations) - Jan	index	--	58.5	55.0
<i>Mexico</i>					
7:00	Timely Indicator of Economic Activity* - Dec	% y/y	--	--	-5.0
10:00	International reserves - Jan 15	US\$bn	--	-	195.5
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES and 5-year Mbono (Mar'26)				
<i>China</i>					
20:30	Rate decision 1-year Loan Prime Rate - Jan 20	%	--	3.85	3.85
20:30	Rate decision 5-year Loan Prime Rate Jan 20	%	--	4.65	4.65

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	3,787.25	0.7%
Euro Stoxx 50	3,608.42	0.2%
Nikkei 225	28,633.46	1.4%
Shanghai Composite	3,566.38	-0.8%
<i>Currencies</i>		
USD/MXN	19.63	-0.3%
EUR/USD	1.21	0.4%
DX	90.50	-0.3%
<i>Commodities</i>		
WTI	52.53	0.3%
Brent	55.33	1.1%
Gold	1,837.05	-0.2%
Copper	362.65	0.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.11	3pb

Source: Bloomberg

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## Equities

- **Stock markets with positive movements, as investors await Janet Yellen's comments at the Senate, expecting them to be expansive, while remaining attentive to important corporate results today. Furthermore, optimism prevails for Biden's inauguration tomorrow, accompanied by expectations of additional fiscal stimulus and an accelerated pace of vaccine distribution**
- **In the US, futures anticipate a positive opening, with the S&P500 rising 0.7%. For its part, in Europe the Stoxx 600 is up 0.1%. In Asia, the Nikkei rose 1.4%, and the Shanghai Comp fell 0.8%**
- **On the corporate front, of the 10 S&P500 companies reporting today, 3 have exceeded expectations, highlighting the reports of Bank of America and Goldman Sachs, while we await Netflix's results at market close**

## Sovereign fixed income, currencies and commodities

- **Mixed movements in global rates with European bonds adjusting +/-1bp, while the US Treasuries print a 3bps sell-off in the long-end of the yield curve. In local terms, the Mbonos' curve closed yesterday with gains of 2bps, on average**
- **The USD trades negative (BBDXY -0.3%) amid a positive performance in G10 currencies except for JPY (-0.3%). In EM, bias is positive with ZAR as the strongest (+1.3%), while MXN trades at 19.60 per dollar (+0.4%), reaching its best level since March 2020**
- **Oil prints a positive adjustment (WTI +0.4% and Brent +1.2%) following optimism that stimulus policies will support global economic growth despite EIA cuts estimate of 2021 oil demand. In metals, gold trades at 1,840 \$/oz t (-0.1%) and industrials record a mixed balance**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,814.26	0.0%
S&P 500	3,768.25	0.0%
Nasdaq	12,998.50	0.0%
IPC	46,458.02	1.2%
Ibovespa	121,241.60	0.7%
Euro Stoxx 50	3,602.67	0.1%
FTSE 100	6,720.65	-0.2%
CAC 40	5,617.27	0.1%
DAX	13,848.35	0.4%
Nikkei 225	28,242.21	-1.0%
Hang Seng	28,862.77	1.0%
Shanghai Composite	3,596.22	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.13	0pb
10-year Treasuries	1.08	0pb
28-day Cetes	4.22	-1pb
28-day TIE	4.47	0pb
2-year Mbono	4.25	0pb
10-year Mbono	5.57	-2pb
<i>Currencies</i>		
USD/MXN	19.69	-0.6%
EUR/USD	1.21	0.0%
GBP/USD	1.36	0.0%
DXY	90.77	0.0%
<i>Commodities</i>		
WTI	52.36	0.0%
Brent	54.75	-0.6%
Mexican mix	51.05	0.0%
Gold	1,841.26	0.7%
Copper	360.20	0.0%

Source: Bloomberg

## Corporate Debt

- **Fitch Ratings ratified the Class A and Class B notes of Hipotecaria Su Casita ratings issued through a structured financing mechanism in 'CC (mex)' and 'D (mex)', respectively**
- **Fitch estimates that the lockdowns measures that continue to be implemented in Mexico to address the coronavirus pandemic could affect the performance of mortgage loans, collection and monetization of non-productive assets such as foreclosed properties**
- **It is important to note that the expected issuance for this week, KEXIM 21 (MXN 6 billion - max. MXN 10 billion) with a 5-year term and a reviewable rate, is rated 'AAA' on a national scale due to it is guaranteed by the Korean government (rated 'Aa2 / AA / AA-' by Moody's, S&P Global and Fitch Ratings)**

## 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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	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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