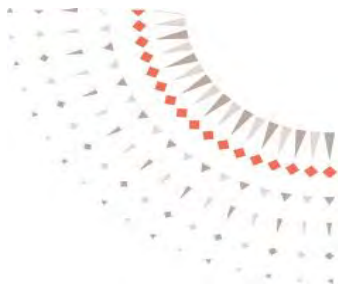


Financial Markets Daily



January 21, 2021

Main drivers for the financial markets today...

- **Positive stock markets and government bond yields up, as the dollar trades at a loss on President Joe Biden's rapid progress in implementing policies to deal with the pandemic, particularly fiscal expansion to provide support to the economy until the population reaches a certain level of immunization. Markets will be attentive to quarterly earning reports**
- **On his first day in office, President Biden immediately began with executive actions aimed at rejoining the Paris Agreement and the WHO, as well as stopping the construction of the wall, among many others**
- **Regarding monetary policy, the ECB kept the asset purchase program and reference rates unchanged, explaining that the latter will remain at their current low levels until inflation is close to the target. We will be attentive to Christine Lagarde's press conference**
- **In terms of economic figures, in the US, jobless claims will be released for the week ending January 16. In addition, the manufacturing report for the Philadelphia region for January will be published. We expect it to be at 11.0pts, above the previous 9.1pts**
- **In Mexico, INEGI released December's employment report. The unemployment rate fell to 3.8%, benefited by seasonal factors. During the month 95.0 thousand jobs were lost, better than what is usually seen in the period (average 2005-2019: - 260.2 thousand)**

Gabriel Casillas
Chief Economist, Head of Research and IRO
gabriel.casillas@banorte.com

Alejandro Padilla
Executive Director of Economic Research and Financial Markets Strategy
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Director of Economic Research
juan.alderete.macal@banorte.com

Manuel Jiménez
Director of Market Strategy
manuel.jimenez@banorte.com



www.banorte.com



@ analisis_fundam

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Turkey</i>					
6:00	Monetary policy decision (Central Bank of the Turkey)	%	--	17.00	17.00
<i>Mexico</i>					
7:00	Unemployment rate - Dec	%	4.05	4.28	4.37
<i>Eurozone</i>					
7:45	Monetary policy decision (ECB)	%	0.00	0.00	0.00
8:30	Christine Lagarde, ECB President, gives press conference after monetary policy decision				
10:00	Consumer confidence* - Jan	index	--	-15.0	-13.9
<i>United States</i>					
8:30	Housing starts** - Dec	thousands	--	1,562	1,547
8:30	Building permits** - Dec	thousands	--	1,600	1,635
8:30	Initial jobless claims* - Jan 16	thousands	--	830	965
8:30	Philadelphia Fed* - Jan	index	--	12.0	9.1
<i>South African</i>					
	Monetary policy decision (South African R. Bank)	%	--	3.50	3.50

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	3,855.00	0.3%
Euro Stoxx 50	3,638.55	0.4%
Nikkei 225	28,756.86	0.8%
Shanghai Composite	3,621.26	1.1%
<i>Currencies</i>		
USD/MXN	19.58	-0.1%
EUR/USD	1.21	0.4%
DX	90.18	-0.3%
<i>Commodities</i>		
WTI	53.04	-0.4%
Brent	55.78	-0.5%
Gold	1,870.88	-0.1%
Copper	365.80	0.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.09	1pb

Source: Bloomberg

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Equities

- **Positive movements in stock markets, reaching all-time highs, as optimism prevails among investors in anticipation of higher fiscal spending that would boost economic growth. Sentiment is exacerbated by Joe Biden's initiatives to contain the pandemic. In this sense, US futures anticipate a positive opening, with the S&P500 trading 0.3% above its theoretical value (best reaction to a presidential inauguration since 1937)**
- **In Europe, markets show positive variations. The Eurostoxx rises 0.4%, reacting to the ECB's comments. Asia, on the other hand, concluded with widespread gains, highlighting a 1.0% advance on the Shanghai**
- **On corporate matters, 17 S&P500 companies are expected to report results today, notably IBM, while 6 companies have already reported, most of them above consensus**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds pressures, with European assets adjusting +1bp while the US Treasuries' curve is pressured +1bp mainly in long-term securities. Yesterday, Mbonos curve closed with gains of 4bps on average concentrated in medium-term nodes**
- **The USD weakens (DXY -0.3%) amid a positive performance in developed currencies, where NOK leads the rally (+0.8%). In EM currencies balance is also positive highlighting gains of 1.2% in BRL, MXN appreciates 0.2% to 19.57 per dollar**
- **Oil prices are negative (-0.4%) due to an increase in API inventories, the first rise since early December, investors are awaiting EIA data. In metals, gold trades with small changes at 1,871 \$/oz t and in industrials bias is mostly positive**

Corporate Debt

- **Grupo DASÍ announced the premium payment to bondholders of issuance ITTO 17, according with the Title. The premium was calculated considering an adjustment rate of 50bp on the face value**
- **Unifin Financiera begins an offer to exchange current senior notes (notes 2022 - 7.00%, notes 2023 - 7.25% and notes 2025 - 7.00%). The exchange offer will expire on February 17; however, bondholders who accept the offer before February 2 will be entitled to receive a premium of \$50 for every \$1,000. The interest rate and maturity date of the new notes will be defined on the date the Offer is concluded**
- **Banco Invex (trustee) reported the default in the full payment of the interest accrued from the issuance HSBCCB 07-4 (HSBC MBS)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,188.38	0.8%
S&P 500	3,851.85	1.4%
Nasdaq	13,457.25	2.0%
IPC	45,125.71	-0.8%
Ibovespa	119,646.40	-0.8%
Euro Stoxx 50	3,624.04	0.8%
FTSE 100	6,740.39	0.4%
CAC 40	5,628.44	0.5%
DAX	13,921.37	0.8%
Nikkei 225	28,523.26	-0.4%
Hang Seng	29,962.47	1.1%
Shanghai Composite	3,583.09	0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.13	0pb
10-year Treasuries	1.08	-1pb
28-day Cetes	4.21	2pb
28-day TIEE	4.46	0pb
2-year Mbono	4.23	-1pb
10-year Mbono	5.55	-4pb
<i>Currencies</i>		
USD/MXN	19.60	-0.3%
EUR/USD	1.21	-0.2%
GBP/USD	1.37	0.2%
DXY	90.48	0.0%
<i>Commodities</i>		
WTI	53.24	0.5%
Brent	56.08	0.3%
Mexican mix	51.97	0.6%
Gold	1,871.84	1.7%
Copper	364.15	0.2%

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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The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

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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Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
-------------------------	-----------------------------	--	------------------

Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Senior Strategist, Equity	valentin.mendoza@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x 2755
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Tania Abdul Massih Jacobo	Director of Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454