

Financial Markets Daily

January 25, 2021

Main drivers for the financial markets today...

- Stock markets in the US higher given the rebound in tech companies and with optimism that more fiscal stimulus will be approved in the country, although waiting for earnings reports and the Fed's decision later this week. Europe trades slightly negative, impacted by COVID-19 restrictions. On the other hand, the USD shows a modest negative bias, while government bond yields trade lower
- In Mexico, INEGI just released the IGAE indicator for November, at -3.9% y/y. With seasonally adjusted data, the economy grew 0.9% m/m, with an upward surprise in services (1.1%) supported by an advance of the same magnitude in industry. Publications in coming days include December's trade balance, banking credit and the public finance report, along November's retail sales
- Market attention this week on the World Economic Forum considering the challenging environment due to COVID-19, with the participation of world leaders such as Xi Jinping, Angela Merkel and Emmanuel Macron. Moreover, the IMF will publish its World Economic Outlook
- We will also heed the delivery of impeachment articles by the US Lower House for Donald Trump's trial, president Joe Biden's executive order on manufacturing and the Senate vote on Janet Yellen as Treasury Secretary
- The Fed will have its first monetary policy decision of the year, expecting no changes. Meetings also in Chile and Colombia, among others. We will know inflation in Brazil and Germany, with 4Q20 GDP also in the latter, the US and Mexico
- Other figures include consumer and U. of Michigan confidence, durable goods orders, trade balance, PCE deflator, income/spending and new home sales in the US. Globally, we highlight the unemployment rate in the UK and Brazil, along consumer confidence in the Eurozone

 Gabriel Casillas
 IRO and Chief Economist
 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
	World Economic Forum in Davos, Switzerland				
Germany					
4:00	IFO Survey (business climate)* - Jan	index	--	91.3	92.1
Mexico					
7:00	Global economic activity indicator (IGAE) - Nov	% y/y	-4.9	-4.6	-5.3
7:00	Global economic activity indicator (IGAE)* - Nov	% m/m	0.1	0.4	1.6

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted; ** Seasonally adjusted annualized rate.

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Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,840.75	0.2%
Euro Stoxx 50	3,582.11	-0.6%
Nikkei 225	28,822.29	0.7%
Shanghai Composite	3,624.24	0.5%
<i>Currencies</i>		
USD/MXN	19.98	0.0%
EUR/USD	1.22	-0.2%
DXY	90.28	0.0%
<i>Commodities</i>		
WTI	52.38	0.2%
Brent	55.52	0.2%
Gold	1,862.60	0.4%
Copper	362.10	-0.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.07	-2pb

Source: Bloomberg

Equities

- **Mixed equity markets as investors are optimistic about the possible approval of greater stimulus in the US and are attentive to corporate earnings, although concerns remain about greater restrictions due to COVID-19. This week, 123 S&P 500 companies will release earnings, with the focus on big tech companies like Apple, Tesla and Facebook. Today, only the numbers of Kimberly-Clark Corp will be published**
- **Markets closed positive in Asia. In Europe stocks drop, with the Euro Stoxx at -0.6%. In turn, US futures of main indices are mixed, but show an increase of 0.3% on average, driven by technology stocks**
- **Gmxt released its 4Q20 results below expectations, although with signs of recovery in volumes that we believe will support 2021 figures. The solid financial structure and the investment plan focused on greater efficiencies stands out**

Sovereign fixed income, currencies and commodities

- **Positive movements in global rates with European bonds adjusting -2bps, while the US Treasuries print gains for up to 3bps in the long-end of the yield curve. In local terms, the Mbonos' curve closed last week with a 5bps rally in mid-term securities**
- **The USD trades slightly higher (BBDXY +0.1%) amid a mixed performance in G10 currencies. In EM, bias is also mixed, with TRY as the strongest (+0.3%), while MXN trades at 19.98 per dollar (unchanged), after a 0.8% weekly depreciation**
- **Crude-oil prices trade with gains supported by optimism due to US stimulus offsetting concerns about demand recovery. In metals, gold trades at 1,863 \$/oz t (+0.4%) and industrials record a positive balance**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,996.98	-0.6%
S&P 500	3,841.47	-0.3%
Nasdaq	13,543.06	0.1%
IPC	44,683.55	-0.3%
Ibovespa	117,380.50	-0.8%
Euro Stoxx 50	3,602.41	-0.4%
FTSE 100	6,695.07	-0.3%
CAC 40	5,559.57	-0.6%
DAX	13,873.97	-0.2%
Nikkei 225	28,631.45	-0.4%
Hang Seng	29,447.85	-1.6%
Shanghai Composite	3,606.75	-0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	0.12	0pb
10-year Treasuries	1.09	-2pb
28-day Cetes	4.25	3pb
28-day TIE	4.46	0pb
2-year Mbono	4.26	1pb
10-year Mbono	5.61	4pb
<i>Currencies</i>		
USD/MXN	19.97	1.2%
EUR/USD	1.22	0.1%
GBP/USD	1.37	-0.3%
DXY	90.24	0.1%
<i>Commodities</i>		
WTI	52.27	-1.6%
Brent	55.41	-1.2%
Mexican mix	51.11	-1.2%
Gold	1,855.61	-0.8%
Copper	362.60	-0.6%

Source: Bloomberg

Corporate Debt

- **Given low activity in the domestic market, several local issuers have resorted to different forms of financing, such as banking and international markets**
- **Vinte informed that it signed two credit lines with Bank of China and KEB Hana for MXN 130 million and MXN 70 million, respectively. The proceeds would be used by the Company to finance projects for the development of existing and new sustainable housing communities**
- **Crédito Real announced the successful issuance of US\$500 million senior notes due 2028, at a semiannual interest rate of 8.00% and with the option of partial or complete amortization over 4 years. The proceeds will be used to refinance a portion of the Company's current debt**

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, Juan Barbier Arizmendi and Eridani Ruibal Ortega, 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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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	IRO and Chief Economist	gabriel.casilla@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
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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	hugo.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 Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
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
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roltan.ferrer@banorte.com	(55) 5004 - 1454