

Financial Markets Daily

January 26, 2021

Main drivers for the financial markets today...

- **Stock markets mixed with a negative bias, the USD weakens, and government bond yields increase given concerns about the massive deployment of the vaccine, greater restrictions on mobility in Europe and complex negotiations about more stimulus in the US**
- **Regarding the virus, in the US some states have begun to loosen restrictions given a decrease in cases. On the contrary, in Germany, Chancellor Angela Merkel called for stricter restrictions to curb the virus, while in the Netherlands protests continued against the lockdown. The WHO warned that vaccine coverage will not be enough to stop transmission of the virus in the short-term**
- **In the US, Janet Yellen was confirmed yesterday as the next Secretary of the Treasury. Meanwhile, it is expected that negotiations over the next fiscal stimulus package will be complicated, probably extending until March. In addition, Senators will take their oaths as jurors in Trump's impeachment**
- **Today, the IMF will publish its World Economic Outlook. Regarding other data, in the US we will be looking into January's consumer confidence and November's house prices**
- **In Mexico, November's retail sales were released, standing at -5.1% y/y. Nevertheless, in sequential terms these picked up 3.3% m/m, driven by El Buen Fin (Mexico's Black Friday), with notable increases in hardware and clothing**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
	IMF publishes its World Economic Outlook (WEO)				
UK					
2:00	Unemployment rate* - nov	%	--	5.1	4.9
Mexico					
7:00	Retail sales - Nov	% m/m	-5.2	-6.2	-7.1
7:00	Retail sales* - Nov	% y/y	4.8	0.9	-1.4
10:00	International reserves - Jan 22	US\$bn	--	--	195.4
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 10-year Mbono (May'31); 10-year Udibono (Nov'28) and 1, 3, and 5-year Bondes D				
Brazil					
7:00	Consumer prices - Jan 15	% m/m	--	0.8	1.1
7:00	Consumer prices - Jan 15	% y/y	--	4.3	4.2
United States					
9:00	S&P/CoreLogic housing prices - Nov	% y/y	--	8.4	8.0
10:00	Consumer confidence* - Jan	index	90.0	89.2	88.6

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	3,852.50	0.1%
Euro Stoxx 50	3,605.47	1.5%
Nikkei 225	28,546.18	-1.0%
Shanghai Composite	3,569.43	-1.5%
<i>Currencies</i>		
USD/MXN	20.04	-0.3%
EUR/USD	1.21	0.1%
DX	90.33	-0.1%
<i>Commodities</i>		
WTI	53.04	0.5%
Brent	56.16	0.5%
Gold	1,857.45	0.1%
Copper	361.05	-0.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.04	1pb

Source: Bloomberg

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Equities

- **Mixed movements in equity markets. On the one hand, there is concern about new variants of the virus, doubts about the vaccine coverage in order to stop transmission in the short term, and greater mobility restrictions in Europe, as well as the uncertainty regarding negotiations of the fiscal plan in the US. On the other hand, M&A deals in Europe -IMF Global Infrastructure offered to buy a stake in Naturgy Energy Group and EQT AB agreed to take over Exeter Property Group- and a busy day of corporate earnings supports investor sentiment. Out of the 28 S&P 500 companies scheduled to report today, 11 have already updated investors with most outperforming estimates, including 3M, American Express, J&J, and Verizon Communications**
- **In Asia the markets closed negative. In Europe stocks advance, the Euro Stoxx adds 1.5%. In turn, in the US the futures of main indices show little change with a slight positive bias. In Mexico, Gcc will release its 4Q20 results after the markets close**

Sovereign fixed income, currencies and commodities

- **Pressures in sovereign bonds with adjustments of 1-2bps in European rates, while in the US Treasuries resume a steepening bias with pressures of 2bps in the long-end. Yesterday the week started with a strong performance in the local market with gains of 3bps in Mbonos**
- **Mixed FX performance resulting in a modestly weak USD, with losses only modest for SEK inside G10, while in the EM universe BRL leads the gains (+0.8%). MXN rallies 0.3% to 20.04 per dollar, after a depreciation yesterday of 0.7%**
- **Crude oil trades stable and slightly positive with the market assimilating potential new affectations to global consumption dynamics amid new restrictions, compensated by lower production in several countries. Metals mostly positive, although under narrow ranges**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,960.00	-0.1%
S&P 500	3,855.36	0.4%
Nasdaq	13,635.99	0.7%
IPC	45,126.52	1.0%
Ibovespa	117,380.50	0.0%
Euro Stoxx 50	3,553.14	-1.4%
FTSE 100	6,638.85	-0.8%
CAC 40	5,472.36	-1.6%
DAX	13,643.95	-1.7%
Nikkei 225	28,822.29	0.7%
Hang Seng	30,159.01	2.4%
Shanghai Composite	3,624.24	0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.11	-1pb
10-year Treasuries	1.03	-6pb
28-day Cetes	4.25	0pb
28-day TIE	4.46	0pb
2-year Mbono	4.24	-2pb
10-year Mbono	5.59	-2pb
<i>Currencies</i>		
USD/MXN	20.11	0.7%
EUR/USD	1.21	-0.3%
GBP/USD	1.37	-0.1%
DXY	90.39	0.2%
<i>Commodities</i>		
WTI	52.77	1.0%
Brent	55.88	0.8%
Mexican mix	51.61	1.0%
Gold	1,855.93	0.0%
Copper	362.95	0.1%

Source: Bloomberg

Corporate Debt

- **Crédito Real announced the closing of a credit line for US\$100 million for a 7-year term, with U.S. International Development Finance Corporation (DFC)**
- **Grupo Financiero Inbursa announced its intention to spin off a minor part of its assets, liabilities and equity from its subsidiaries Promotora Inbursa and Sinca Inbursa for a total amount of approximately MXN 25.0 billion**
- **PCR Verum affirmed the rating of Total Play Telecomunicaciones' issuance, TPLAYCB 20, at 'AA/M (e)' with Stable outlook based on the future cash flows that the receivables will generate throughout the course of the deal**

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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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