

Financial Markets Daily

January 27, 2021

Main drivers for the financial markets today...

- **Negative stock markets, dollar posting gains, and mixed government bond yields, amid concerns that the pandemic will last longer than anticipated due to an increase in the number of infections and delays in the vaccination process. Markets are attentive to the FOMC's monetary policy decision and tech companies results**
- **We don't expect changes in the reference rate nor in the Fed's asset purchase program. Eyes will be on the central bank president Jerome Powell's conference, who we expect will confirm his recent public comment that this is not the time to talk about a policy exit, and that there are many months to go before tapering starts**
- **Chile's central bank will also announce its monetary policy decision, where the reference rate is estimated to remain at 0.5%. It should keep a dovish bias and the door opened for more accommodation if needed**
- **In the US, Gina Raimondo, nominated by Biden for Secretary of Commerce, gave a testimony, mentioning that aggressive measures must be taken to combat China's unfair trade practices**
- **As for economic figures, the US durable goods report for December will be released. The consensus estimates a 1.0% m/m increase, maintaining the same pace than in the previous month. For the capital goods orders excluding defense and aircraft, the estimated advance is 0.5% m/m**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
8:30	Durable goods orders* - Dec (P)	% m/m	--	0.9	1.0
8:30	Ex transportation* - Dec (P)	% m/m	--	0.5	0.4
14:00	FOMC Rate Decision (Upper Bound)	%	0.25	0.25	0.25
14:00	FOMC Rate Decision (Lower Bound)	%	0.00	0.00	0.00
14:00	Interest Rate on Excess Reserves (IOER)	%	--	0.10	0.10
14:30	Powell Holds Post-FOMC Meeting Press Conference				
<i>Mexico</i>					
11:30	Extraordinary Cetes auction 182-, 238-, 350-, and 616-day				
<i>Chile</i>					
16:00	Monetary policy decision (BCRP)	%	0.00	0.50	0.50

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	3,801.25	-1.1%
Euro Stoxx 50	3,531.61	-1.7%
Nikkei 225	28,635.21	0.3%
Shanghai Composite	3,573.34	0.1%
<i>Currencies</i>		
USD/MXN	20.16	0.9%
EUR/USD	1.21	-0.4%
DX	90.52	0.4%
<i>Commodities</i>		
WTI	52.69	0.2%
Brent	56.04	0.2%
Gold	1,841.21	-0.5%
Copper	357.45	-1.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.02	-2pb

Source: Bloomberg

Document for distribution among public

Equities

- **Stock markets with mostly negative movements, as investors remain attentive to the first Fed meeting of the year, as well as to important quarterly reports from technology companies. In contrast, uncertainty about the pandemic, after surpassing 100 million infections, weighs negatively on market sentiment**
- **In the US, futures anticipate a negative opening, with the S&P500 trading at -1.2%. Likewise, in Europe, the Stoxx 600 falls 1.2%. In Asia, the Hang Seng lost 0.3% and the Shanghai Comp rose 0.1%**
- **On the corporate front, GCC and Gmexico reported above expectations yesterday, while today we expect FIBRAPL's results. Chedraui, for its part, presented its 2021 guidance with estimates slightly above our projections. Meanwhile, in the US, we highlight the reports from Apple, Facebook and Tesla, after market close**

Sovereign fixed income, currencies and commodities

- **Mixed movements in global rates with European bonds adjusting +/-1bp, while the US Treasuries print gains of 1bp in the long-end of the yield curve. In local terms, the Mbonos' curve closed yesterday with a 3bps rally in mid-term securities, while the 10-year benchmark ended the session at 5.61% (+3bps)**
- **The USD trades positive (BBDXY +0.4%) amid a negative performance in G10 currencies with NOK leading losses (-0.9%). In EM, bias is also negative with MXN trading at 20.18 (-0.9%) as the second weakest currency, after a 0.6% appreciation yesterday**
- **Crude-oil trades with gains (+0.2%) after an unexpected fall in US inventories reported by API yesterday that offsets concerns about demand recovery. Today's focus is on EIA's inventory report at 10:30am. Metals print a negative performance with gold trading at 1,864 \$/oz t (-0.6%) and zinc adjusting -1.4%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,937.04	-0.1%
S&P 500	3,849.62	-0.1%
Nasdaq	13,626.06	-0.1%
IPC	45,053.56	-0.2%
Ibovespa	116,464.10	-0.8%
Euro Stoxx 50	3,592.83	1.1%
FTSE 100	6,654.01	0.2%
CAC 40	5,523.52	0.9%
DAX	13,870.99	1.7%
Nikkei 225	28,546.18	-1.0%
Hang Seng	29,391.26	-2.5%
Shanghai Composite	3,569.43	-1.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.12	1pb
10-year Treasuries	1.03	1pb
28-day Cetes	4.22	-3pb
28-day TIIE	4.46	0pb
2-year Mbono	4.22	-2pb
10-year Mbono	5.60	1pb
<i>Currencies</i>		
USD/MXN	19.99	-0.6%
EUR/USD	1.22	0.2%
GBP/USD	1.37	0.4%
DXY	90.17	-0.2%
<i>Commodities</i>		
WTI	52.61	-0.3%
Brent	55.91	0.1%
Mexican mix	51.58	-0.1%
Gold	1,850.92	-0.3%
Copper	361.95	-0.3%

Source: Bloomberg

Corporate Debt

- **Banco Invex (Trustee) informed that an early amortization for issuance TFOVICB 20U will take place today for an amount of MXN 47.33 million**
- **Unifin Financiera announced that it carried out the pricing of an offering of Senior Notes for US\$400 million, with an annual interest rate of 9.875% and a maturity date in 2029; as well as the final terms of its previously announced Exchange Offer**
- **S&P Global Ratings confirmed Almacénadora Mercader's long and short-term ratings at 'mxA+' and 'mxA-1'; the outlook remained 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 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
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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