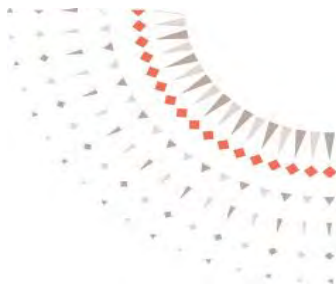


Financial Markets Daily



January 28, 2021

Main drivers for the financial markets today...

- **Stock markets down, dollar higher and government bond yields mostly lower amid disappointing earnings (e.g. Apple suppliers, Tesla) as well as concerns about the “fight” between Wall Street and Main Street over GameStop’s stock, among others**
- **Markets waiting for 4Q20 GDP in the US and further corporate earnings reports. In addition, we will heed the trade balance and new home sales data in the latter country, Germany’s inflation and unemployment rate in Brazil**
- **In Mexico, the trade balance in December showed a surplus of US\$6,262 million, a new historical high. Within, exports picked up 11.5% y/y and imports grew 3.7%, both also positive in sequential terms. With these results, an accumulated surplus of US\$34,476.4 million was observed in full-year 2020**
- **On the other hand, January’s economic confidence in the Eurozone fell to 91.5pts from 92.4pts previously. Weakness was concentrated in services, with industry improving at the margin. This is consistent with the relatively higher impact that new lockdowns are having in the former sector**
- **This also happens in a backdrop in which tensions between AstraZeneca and the European Union are on the rise, following the company’s announcement that vaccine deliveries to the region will be lower than previously anticipated. Governments have been pressuring AstraZeneca to deliver despite difficulties to establish effective vaccination campaigns, which also heightens risks of an earlier exit from current lockdowns**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	EUR Consumer Confidence* - Jan	index	--	--	-15.5
5:00	EZ Economic confidence* - Jan	index	--	89.5	90.4
8:00	GER Consumer prices - Jan (P)	% m/m	--	0.3	0.6
8:00	GER Consumer prices - Jan (P)	% y/y	--	0.5	-0.7
<i>Mexico</i>					
7:00	Trade balance - Dec	US\$m	4,874.4	3,860.0	3,032.5
<i>Brazil</i>					
7:00	Unemployment rate - Nov	%	--	14.2	14.3
<i>United States</i>					
8:30	Trade balance* - Dec	US\$bn	--	-83.5	-84.8
8:30	Initial jobless claims* - Jan 23	thousands	--	878	900
8:30	Gross domestic product** - 4Q20 (P)	% q/q	3.5	4.3	33.4
8:30	Personal consumption** - 4Q20 (P)	% q/q	3.6	3.2	41.0
10:00	New home sales** - Dec	thousands	--	860	841

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	3,743.75	0.0%
Euro Stoxx 50	3,532.24	-0.1%
Nikkei 225	28,197.42	-1.5%
Shanghai Composite	3,505.18	-1.9%
<i>Currencies</i>		
USD/MXN	20.42	0.6%
EUR/USD	1.21	0.0%
DX	90.70	0.1%
<i>Commodities</i>		
WTI	52.74	-0.2%
Brent	55.77	-0.1%
Gold	1,839.91	-0.2%
Copper	352.85	-0.8%
<i>Sovereign bonds</i>		
10-year Treasury	1.01	-1pb

Source: Bloomberg

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Equities

- **Equity markets trade in negative territory, extending yesterday's profit-taking on disappointing corporate results (Apple, Facebook and Tesla), while coronavirus trends add uncertainty to the sentiment. Part of the negative movement also stems from concerns about increased speculative trading. Thus, US futures, anticipate a lateral opening, with the S&P500 with few changes**
- **In Asia, the session was negative, with a 2.5% decline in the Hang Seng. Meanwhile, Europe falls, the EutoStoxx drops 0.1%, with a positive report from STMicroelectronics being overshadowed by that of Swatch Group AG**
- **On the corporate front, yesterday FIBRAPL released its results, above our estimates, supported mainly by acquisitions. In the US, 36 constituents of the S&P500 are expected to report, including Dow, Mcdonalds, Mastercard and Visa**

Sovereign fixed income, currencies and commodities

- **Modest gains in sovereign bonds with an appreciation of 1bp in European securities and a similar performance in US Treasuries. Yesterday the Mbonos' curve closed the session with mixed movements where the belly rallied 3bps. Meanwhile, Udibonos extended their rally by ~6bps**
- **Positive performance in the USD with most of developed currencies under pressure, although under narrow ranges. In the EM universe balance is also negative with the Mexican peso registering a 0.4% depreciation to 20.40, following a 1.5% sell-off yesterday**
- **Modest losses in crude oil futures stabilizing after yesterday support from a stock draw in the US, however sentiment is affected by the market's backdrop and concerns about the fragile demand scene. Negative balance in metals with a weaker performance in industrials**

Corporate Debt

- **HR Ratings assigned a 'HR AAA (E)' rating with a Stable outlook for issuance ARRENCB 21 that Arrendamás intends to carry out for an amount of up to MXN 700 million**
- **The issuance will be backed by a portfolio of credit and leasing contracts issued by Arrendamás**
- **The bond will pay a floating rate pegged to the 28-day TIIE and will have a 5-year term, considering monthly amortizations after the 27-month revolving period**

Previous closing levels		
	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,303.17	-2.0%
S&P 500	3,750.77	-2.6%
Nasdaq	13,270.60	-2.6%
IPC	44,262.01	-1.8%
Ibovespa	115,882.30	-0.5%
Euro Stoxx 50	3,536.38	-1.6%
FTSE 100	6,567.37	-1.3%
CAC 40	5,459.62	-1.2%
DAX	13,620.46	-1.8%
Nikkei 225	28,635.21	0.3%
Hang Seng	29,297.53	-0.3%
Shanghai Composite	3,573.34	0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.12	0pb
10-year Treasuries	1.02	-2pb
28-day Cetes	4.22	0pb
28-day TIIE	4.45	0pb
2-year Mbono	4.22	0pb
10-year Mbono	5.59	-1pb
<i>Currencies</i>		
USD/MXN	20.29	1.5%
EUR/USD	1.21	-0.4%
GBP/USD	1.37	-0.4%
DXY	90.65	0.5%
<i>Commodities</i>		
WTI	52.85	0.5%
Brent	55.81	-0.2%
Mexican mix	51.66	0.2%
Gold	1,843.98	-0.4%
Copper	355.75	-1.7%

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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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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