

# Financial Markets Daily

February 3, 2021

## Main drivers for the financial markets today...

- **Positive stock markets, government bond yields up, while the dollar remains stable extending the rally amid: (1) Corporate earnings results above estimates; (2) reduced concern over retail investors speculation; (3) favorable news from AstraZeneca on vaccine effectiveness; (4) expectation of swift approval of Joe Biden's fiscal stimulus package in the Senate; and (5) nomination of Mario Draghi as Italy's Prime Minister**
- **Yesterday, US Senate began the process on a budget resolution and tomorrow will vote on its approval, paving the way for Biden's proposal on greater fiscal stimulus to be approved with a simple majority. A vote is also expected this week in the House of Representatives, while the Committees will have until February 16 to draft the bill**
- **Mario Draghi, former ECB president, was nominated to be next Italy's prime minister, after the government collapsed. Now, Draghi has to persuade a majority of the members of the fragmented Parliament to support him, while until now, only the centrist parties have expressed their support**
- **Regarding economic figures, in the US the ADP private employment report for January will be released. We expect no job creation at the beginning of the year. In addition, the ISM non-manufacturing report for January will be published. Consensus estimates levels at 56.7pts, below levels of 57.2pts reported the previous month**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Consumer prices - Jan (P)	% y/y	--	0.6	-0.3
5:00	Core - Jan (P)	% y/y	--	0.9	0.2
<i>United States</i>					
8:15	ADP employment* Jan	thousands	0	60	-123
8:30	Neel Kashkari del Fed Speaks on economy				
10:00	ISM Services - Jan		--	56.9	57.2
13:00	Fed's Bullard to Speak on Economic Outlook				
14:00	Fed's Harker Speaks on Labor Market				
17:00	Fed's Mester Speaks on Economy				
17:00	Fed's Evans Discusses Economy and Monetary Policy				
<i>Mexico</i>					
10:00	International reserves - Jan 29	US\$bn	--	--	196.0
11:00	Syndicated auction of new 10Y UdiBono				

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	3,830.00	0.3%
Euro Stoxx 50	3,616.20	0.7%
Nikkei 225	28,646.50	1.0%
Shanghai Composite	3,517.31	-0.5%
<i>Currencies</i>		
USD/MXN	20.11	-0.1%
EUR/USD	1.20	-0.2%
DX	91.28	0.1%
<i>Commodities</i>		
WTI	55.18	0.8%
Brent	58.03	1.0%
Gold	1,838.56	0.0%
Copper	354.70	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.12	2pb

Source: Bloomberg

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## Equities

- **Positive stock markets, as speculative retail trading activity subsides, with GameStop shares falling more than 70% this week, also driven by strong corporate results, highlighting technology companies. Thus, Alphabet rises 7.2% in the pre-market, while Amazon is up 2.5% with an upward move attenuated by the news that Jeff Bezos is stepping down as CEO**
- **In the US, futures anticipate a positive opening, with the S&P500 trading at +0.3%. Likewise, in Europe, the Stoxx 600 gains 0.5% supported by Mario Draghi's nomination as Italian Prime Minister. In Asia, the Hang Seng and the Nikkei rose 0.2% and 1.0%, respectively**
- **On the corporate front, 22 S&P500 companies report today, amongst them AbbVie, Allstate, Biogen, MetLife, and PayPal stand out**

## Sovereign fixed income, currencies and commodities

- **Pressures in global rates with European bonds adjusting +1bp, while the US Treasuries print a 2bps sell-off in the long-end of the yield curve. In local terms, the Mbonos' curve closed yesterday with a 4bps rally on average, while the CPI-linked curve rallied 2bps on average**
- **The USD trades slightly positive (BBDXY +0.1%) amid a negative performance in G10 currencies with SEK leading losses (-0.4%). In EM, bias is mixed with BRL as the strongest (+0.6%), while MXN trades at 20.10 per dollar (+0.6%) scoring three positive sessions in a row**
- **Crude-oil trades with gains after an unexpected fall in US inventories reported by API yesterday. Today's focus is on EIA's inventory report at 10:30am and the OPEC+ JMMC monthly meeting. Metals print a mixed performance with gold trading at 1,836 \$/oz t (-0.1%)**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,687.48	1.6%
S&P 500	3,826.31	1.4%
Nasdaq	13,612.78	1.6%
IPC	43,848.92	2.0%
Ibovespa	118,233.80	0.6%
Euro Stoxx 50	3,590.46	1.7%
FTSE 100	6,516.65	0.8%
CAC 40	5,563.11	1.9%
DAX	13,835.16	1.6%
Nikkei 225	28,362.17	1.0%
Hang Seng	29,248.70	1.2%
Shanghai Composite	3,533.69	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.11	1pb
10-year Treasuries	1.10	2pb
28-day Cetes	4.24	1pb
28-day TIE	4.45	0pb
2-year Mbono	4.16	-5pb
10-year Mbono	5.57	-4pb
<i>Currencies</i>		
USD/MXN	20.14	-1.2%
EUR/USD	1.20	-0.1%
GBP/USD	1.37	0.0%
DXY	91.20	0.2%
<i>Commodities</i>		
WTI	54.76	2.3%
Brent	57.46	2.0%
Mexican mix	53.05	2.3%
Gold	1,838.03	-1.2%
Copper	352.45	-0.6%

Source: Bloomberg

## Corporate Debt

- **El Puerto de Liverpool informed relevant aspects about the "Plataforma Logística Arco Norte" (PLAN) project. The first stage will be dedicated to the storage and distribution of "Big Ticket" items, i.e. furniture, white goods and electronics, among others. The investment associated with this phase will be MXN 7.4 billion and is expected to start operations in 1Q22**
- **HR Ratings affirmed Vinte's long-term rating at 'HR A+' and changed the outlook to Positive from Stable. According to the agency, the outlook revision was based on its expected Debt Service Coverage Ratio (DSCR) and Years of Net Debt Payment to FLE (DN/FLE) levels following the announcement of the voluntary early amortization of issuance VINTE 17**
- **HR Ratings downgraded Comercializadora Círculo CCK and its issuance CIRCLEK 18 to 'HR A-' from 'HR A' and changed the outlook to Negative from 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
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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