

Financial Markets Daily

February 4, 2021

Main drivers for the financial markets today...

- **Positive stock markets, government bond yields down, while the dollar and oil trade with gains amid positive expectations that a new fiscal stimulus is coming in the US fostering economic recovery, offsetting mixed corporate reports**
- **In the US, the House of Representatives approved the budget resolution yesterday, after the Senate did the same on Tuesday, paving the way for parts of Biden's fiscal stimulus proposal to be approved with a simple majority, with no need for Republican support**
- **Treasury Secretary Janet Yellen will meet today with the heads of the SEC and the Federal Reserve to discuss the recent markets' volatility**
- **The Bank of England kept its monetary policy unchanged, but said it has asked regulators to ensure that banks are ready for a negative interest rate scenario, although it explained that this doesn't mean that levels below 0% are imminent. Their estimates place economic growth this year at 5%, below the previous expectation of 7.5%. In the US, the Fed speakers' agenda includes the intervention of Kaplan and Daly**
- **Regarding economic figures, in the US, the attention will be on jobless claims for the week that ended on January 30, still estimated at high levels due to the pandemic, around 830k. December factory orders will also be released. Consensus estimates a 0.7% m/m increase**
- **In the Eurozone, the December retail sales report was published, showing a 2.0% m/m advance, with the annual variation at 0.6%**

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The most relevant economic data...

Event/Period		Unit	Banorte	Survey	Previous
Eurozone and UK					
5:00	Retail sales* - Dec	% m/m	--	2.0	-6.1
7:00	Monetary policy decision (BoE)	%	0.10	0.10	0.10
United States					
8:30	Initial jobless claims* - Jan 30	thousands	--	835	847
10:00	Factory orders* - Dec	% m/m	--	0.7	1.0
10:00	Ex transportation* - Dec	% m/m	--	--	0.8
10:00	Durable goods orders* - Dec (F)	% m/m	--	0.2	0.2
10:00	Ex transportation* - Dec (F)	% m/m	--	0.7	0.7
14:00	Fed's Daly Speaks on Labor Market				

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	3,827.00	0.1%
Euro Stoxx 50	3,616.96	0.2%
Nikkei 225	28,341.95	-1.1%
Shanghai Composite	3,501.86	-0.4%
Currencies		
USD/MXN	20.30	0.5%
EUR/USD	1.20	-0.4%
DX	91.43	0.3%
Commodities		
WTI	56.09	0.7%
Brent	58.81	0.6%
Gold	1,814.67	-1.1%
Copper	355.95	-0.2%
Sovereign bonds		
10-year Treasury	1.14	1pb

Source: Bloomberg

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Equities

- **Today, we observe mixed movements in stock markets, taking a break from the global rally that has taken place over the last three days, as investors remain attentive to the advance in corporate results. As such, US futures anticipate a flat opening, with the S&P500 futures trading little changed**
- **In Asia, the session concluded in the red, with the Kospi leading the declines by falling 1.4%. Europe, meanwhile, registers marginal variations, with the EuroStoxx up 0.2%, driven mainly by the Healthcare sector (+2.2%). Shell reported weaker-than-expected results, while Deutsche Bank's earnings surprised, although its guidance is unclear**
- **On the corporate front, 46 constituents of the S&P500 companies will release their results today, including Merck & Co, Bristol Myers Squibb, Ford Motor and Gilead Sciences**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds with mixed movements, adjustments of -2 to +4bps in European rates while U.S. Treasuries recorded 1bps pressure concentrated on the long-end. Yesterday, the Mbonos curve closed with moderate pressures of 1bp, while Udibonds extended the rally of the previous sessions by gaining 7bps in short- and medium-term maturities**
- **The USD trades with gains (DXY +0.3%) with developed currencies depreciating, SEK leads the losses (-0.6%). In the EM universe, the bias is also negative, ZAR loses 0.8%, while MXN is the fourth weakest depreciating 0.6% to 20.32 per dollar**
- **Crude oil prices advance 0.7% reflecting the optimistic tone of OPEC+ regarding the recovery of global demand. In metals, gold prices fall 1.0% to 1,815 \$/oz t while industrials are also negative**

Corporate Debt

- **Notice of early total amortization of issuances UNFINCB 17 / 17-2 for the next February 10th**
- **Notice of partial early amortization of issuance CAMSSCB 13U for the next February 15th**
- **Fitch Ratings placed OMA's long-term 'AA+(mex)' ratings and its issuances on Positive Watch. According to the agency, the action reflects Fitch's expectation that, once the company refinances the issuance OMA 14 in the coming months, short-term liquidity concerns will be resolved. This is because the next maturity would be in 2023 and for a much smaller amount, approximately half the amount of the OMA 14 issuance**
- **Bondholders' Meeting Agreements for issuances GICSA 16U / 18U held on February 2nd**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,723.60	0.1%
S&P 500	3,830.17	0.1%
Nasdaq	13,610.54	0.0%
IPC	43,957.07	0.2%
Ibovespa	119,724.70	1.3%
Euro Stoxx 50	3,609.75	0.5%
FTSE 100	6,507.82	-0.1%
CAC 40	5,563.05	0.0%
DAX	13,933.63	0.7%
Nikkei 225	28,646.50	1.0%
Hang Seng	29,307.46	0.2%
Shanghai Composite	3,517.31	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.12	0pb
10-year Treasuries	1.14	4pb
28-day Cetes	4.24	0pb
28-day TIEE	4.45	0pb
2-year Mbono	4.17	1pb
10-year Mbono	5.58	1pb
<i>Currencies</i>		
USD/MXN	20.20	0.3%
EUR/USD	1.20	-0.1%
GBP/USD	1.36	-0.2%
DXY	91.17	0.0%
<i>Commodities</i>		
WTI	55.69	1.7%
Brent	58.46	1.7%
Mexican mix	54.04	1.9%
Gold	1,834.04	-0.2%
Copper	356.55	1.2%

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