

Financial Markets Daily

February 8, 2021

Main drivers for the financial markets today...

- Stock markets higher, with government bond yields also up and the USD mixed amid optimism about fiscal stimulus in the US after comments by Secretary Yellen during the weekend. This happens in the midst of less contagions and more vaccinations against COVID-19, along strong earnings reports. In Germany, December's industrial prod stood at 0.0% m/m, below consensus expectations
- In Mexico, consumer confidence reached 38.4pts in January from 38.2pts in the previous month. With this, the indicator increased for a second consecutive month, boosted mainly by components related to the current situation. Data releases in coming days include wage negotiations for January, industrial production in December and job creation affiliated to IMSS
- Market attention this week on: (1) Progress on COVID-19 vaccinations; (2) fiscal stimulus negotiations and the start of president Trump's impeachment trial in the US; (3) the corporate earnings season; and (4) monthly reports by OPEC and EIA
- In monetary policy, we highlight Banxico's decision on Thursday, in which we expect a 25bps cut to 4.00%. Decisions also in Sweden, Peru and Russia, among others. Few interventions by Fed members, albeit with chair Powell at the *Economic Club of New York* on Wednesday
- In economic data, January inflation in Mexico, China, Brazil, Germany and the US. The latter will also release University of Michigan consumer confidence and jobless claims. Trade balance in Germany, GDP in the UK, Eurozone's industrial production, and retail sales and economic activity in Brazil

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
2:00	Industrial Production* - Dec	% m/m	--	0.3	0.9
<i>Mexico</i>					
7:00	Consumer confidence* - Jan	index	37.8	--	38.1
<i>United States</i>					
12:00	Fed's Mester Discusses the Economy				

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

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Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,893.75	0.3%
Euro Stoxx 50	3,672.95	0.5%
Nikkei 225	29,388.50	2.1%
Shanghai Composite	3,532.45	1.0%
<i>Currencies</i>		
USD/MXN	20.22	0.6%
EUR/USD	1.20	-0.1%
DX	91.17	0.1%
<i>Commodities</i>		
WTI	57.57	1.3%
Brent	60.13	1.3%
Gold	1,821.44	0.4%
Copper	363.80	0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.19	2pb

Source: Bloomberg

Equities

- **Stock markets poised to reach new record highs this Monday, on the back of lower contagions, hopes for further stimulus and an acceleration in the vaccination's pace. That said, risk appetite among investors remains high**
- **US futures are set for a positive opening, with those of the S&P500 trading 0.3% above fair value. Meanwhile, in Europe, the Stoxx is up 0.5% driven by the financial and healthcare sectors. The Italian stock exchange is outperforming amid the creation of a new national government. In Asia the trading session ended green. The Nikkei advanced 2.1% as the Shanghai Composite gained 1.0%**
- **On the corporate side, today 8 companies within the S&P500 are scheduled for releasing its earnings, being the most relevante names Hasbro, Loews and Simon Property Group**

Sovereign fixed income, currencies and commodities

- **Widespread pressures in global rates with European bonds adjusting +3bps, while US Treasuries print a 2bps sell-off in the long-end of the yield curve. In local terms, the Mbonos' curve closed last week with modest gains of 1bp, on average**
- **The USD trades positive (BBDXY +0.2%) amid a negative performance in G10 currencies, with SEK leading losses (-0.4%). In EM, bias is mixed with ZAR as the weakest (-0.9%) and RUB the strongest (+0.4%), while MXN trades at 20.22 per dollar (-0.6%) after a 2.4% weekly appreciation**
- **Crude-oil prints gains of ~1.3% with Brent reaching its highest level since January 2020 at 60 \$/bbl, supported by Saudi Arabia's voluntary cuts and optimism about demand recovery. Metals register a positive performance with gold and copper gaining 0.4% and 0.3%, respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,148.24	0.3%
S&P 500	3,886.83	0.4%
Nasdaq	13,856.30	0.6%
IPC	44,145.70	0.0%
Ibovespa	120,240.30	0.8%
Euro Stoxx 50	3,655.77	0.4%
FTSE 100	6,489.33	-0.2%
CAC 40	5,659.26	0.9%
DAX	14,056.72	0.0%
Nikkei 225	28,779.19	1.5%
Hang Seng	29,288.68	0.6%
Shanghai Composite	3,496.33	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.10	-1pb
10-year Treasuries	1.16	2pb
28-day Cetes	4.22	0pb
28-day TIE	4.44	0pb
2-year Mbono	4.20	1pb
10-year Mbono	5.58	-2pb
<i>Currencies</i>		
USD/MXN	20.09	-1.5%
EUR/USD	1.20	0.7%
GBP/USD	1.37	0.5%
DXY	91.04	-0.5%
<i>Commodities</i>		
WTI	56.85	1.1%
Brent	59.34	0.8%
Mexican mix	55.17	1.1%
Gold	1,814.11	1.1%
Copper	362.60	2.1%

Source: Bloomberg

Corporate Debt

- **The first 2021 placement is expected during the week for an amount of up to MXN 3.0 billion by Operadora de Servicios Mega, GFMEGA 21X and 21-2X. The sustainable unsecured bonds will mature in 3 and 7 years, and will pay a floating rate referenced to the TIE 28 and a fixed rate, respectively**
- **HR Ratings downgraded the long-term rating for issuance GHOCB 14 to 'HR C- (E)' from 'HR BB- (E)' and of issuance SIPYTCB 13 to 'HR C (E)' from 'HR BB+ (E)', keeping both under Negative Watch. According to the agency, the downgrade is based on the risk of default in the upcoming interest payments based on the originally established payment schedule**

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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 Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo, Juan Barbier Arizmendi and Eridani Ruibal Ortega, 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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