

Financial Markets Daily

February 10, 2021

Main drivers for the financial markets today...

- **Stock markets, government bond yields and oil rise, with the USD broadly stable as risk on sentiment extends, supported by positive corporate news and results, improvement in COVID-19 trends and expectations of fiscal stimulus in the US**
- **On the virus, global behavior shows a deceleration in the number of daily cases, with vaccination programs gathering some steam. In this context, Pfizer and BioNTech will start vaccine production in a new facility in Germany, which may allow them to double their production. Moreover, the US authorized Eli Lilly's vaccine, while Mexico signed off on CanSino BIO's (China) treatment**
- **Regarding the stimulus package in the US, the updated proposal includes US\$350 billion in state and local relief, as well as other healthcare benefits. In addition, Trump's impeachment trial continues today in the Senate**
- **On economic data, in the US, the BLS will release inflation figures for January, expecting a 0.3% m/m increase. In addition, Fed Chairman, Jerome Powell, will speak in New York's Economic Club, where attention will focus on comments regarding inflation and monetary policy**
- **On other releases, in Germany revised inflation figures for January were published, unchanged at 1.6% y/y. Meanwhile in Brazil, December's retail sales disappointed by falling 6.1% m/m (+1.2% y/y). Lastly, in Mexico we will be waiting for January's wage negotiations**

Gabriel Casillas
Chief Economist, Head of Research
and IRO
gabriel.casillas@banorte.com

Alejandro Padilla
Executive Director of Economic
Research and Financial Markets Strategy
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Director of Economic Research
juan.alderete.mactal@banorte.com

Manuel Jiménez
Director of Market Strategy
manuel.jimenez@banorte.com



www.banorte.com



@analisis_fundam

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Europe</i>					
2:00	GER Consumer prices - Jan (F)	% m/m	--	1.4	1.4
2:00	GER Consumer prices - Jan (F)	% y/y	--	1.6	1.6
<i>Brazil</i>					
7:00	Retail sales - Dec	% y/y	--	5.3	3.4
7:00	Retail sales* - Dec	% m/m	--	-0.7	-0.1
<i>United States</i>					
8:30	Consumer prices* - Jan	% m/m	0.3	0.3	0.4
8:30	Ex. food & energy* - Jan	% m/m	0.2	0.2	0.1
8:30	Consumer prices - Jan	% y/y	1.5	1.5	1.4
8:30	Ex. food & energy - Jan	% y/y	1.5	1.5	1.6
14:00	Fed Chair Powell speaks to the Economic Club of New York				
<i>Mexico</i>					
	Wage negotiations - Jan	% y/y	--	--	5.4

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	3,918.25	0.3%
Euro Stoxx 50	3,663.15	0.1%
Nikkei 225	29,562.93	0.2%
Shanghai Composite	3,655.09	1.4%
<i>Currencies</i>		
USD/MXN	20.11	0.1%
EUR/USD	1.21	0.1%
DX	90.43	0.0%
<i>Commodities</i>		
WTI	58.69	0.6%
Brent	61.50	0.7%
Gold	1,844.10	0.3%
Copper	378.10	1.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.17	1pb

Source: Bloomberg

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Equities

- **Stock markets with mostly positive movements, driven by solid corporate reports. Meanwhile, progress on vaccine distribution and the expectation of a new stimulus package add optimism to market sentiment. Thus, futures in the US anticipate a positive opening, with the S&P500 trading at +0.3%**
- **In Europe, the Stoxx 600 rises 0.1%, supported by increases in the materials and financial sectors. In Asia, the session concluded in positive territory, where the Shanghai Comp gained 1.4%**
- **In Mexico, yesterday Amx reported in line with our estimates at the operating level and better at the net level, highlighting improved profitability, while today Nemak's results are scheduled to be released at market close. In the US, 20 S&P500 companies report today, with General Motors and Coca-Cola standing out**

Sovereign fixed income, currencies and commodities

- **Modest pressures in sovereign bonds in the world, with losses of 1bp in European securities, while in the US the curve resumes its steepening with pressures of 1bp in the long-end after a breather yesterday. Mbonos rallied 5bps yesterday in long-term securities**
- **Stable USD and recovering stronger levels in the session amid a mixed price action in G10 currencies under narrow ranges, where NZD (-0.4%) stands as the weakest and GBP outperforms (+0.1%). In EM bias is also mixed with MXN appreciating 0.1% to 20.11 per dollar**
- **Crude oil continues under a space of sustained gains since the end of January, its longest rising streak in two years, with its performance supported by consumption expectations improving and supply cuts from OPEC+. Moreover, API reported a decrease in inventories to be confirmed by the EIA today. Metals trade mostly positive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,375.83	0.0%
S&P 500	3,911.23	-0.1%
Nasdaq	14,007.70	0.1%
IPC	45,020.96	1.9%
Ibovespa	119,471.60	-0.2%
Euro Stoxx 50	3,661.13	-0.1%
FTSE 100	6,531.56	0.1%
CAC 40	5,691.54	0.1%
DAX	14,011.80	-0.3%
Nikkei 225	29,505.93	0.4%
Hang Seng	29,476.19	0.5%
Shanghai Composite	3,603.49	2.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.12	0pb
10-year Treasuries	1.16	-1pb
28-day Cetes	4.19	-3pb
28-day TIE	4.44	0pb
2-year Mbono	4.27	3pb
10-year Mbono	5.67	0pb
<i>Currencies</i>		
USD/MXN	20.10	-0.1%
EUR/USD	1.21	0.6%
GBP/USD	1.38	0.6%
DXY	90.44	-0.5%
<i>Commodities</i>		
WTI	58.36	0.7%
Brent	61.09	0.9%
Mexican mix	56.84	0.9%
Gold	1,838.32	0.4%
Copper	372.00	1.5%

Source: Bloomberg

Corporate Debt

- **Grupo DASI informed that it refinanced 100% of its bank debt for MXN 134.9 million, through a new loan granted by Banco Actinver. According to the press release, the proceeds from the new bank loan will be used mainly to refinance a loan from the company**
- **S&P Global Ratings downgraded SCRECB 16 / 16-2 (Sicrea ABS) ratings to 'mxAA (sf)' from 'mxAAA (sf)' and maintained on Negative CreditWatch. According to the agency, the downgrade reflects the deterioration observed in the securitized portfolios during the last months, as a result of the pandemic effects**
- **TV AZTECA informed it's prepaying up to MXN 1.2 billion local bonds due in 2022 as part of a strict strategy of financial and operational efficiencies to ensure their long-term viability**

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
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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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Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
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Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Senior Strategist, Equity	valentin.mendoza@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x 2755
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Tania Abdul Massih Jacobo	Director of Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454