

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets trading higher, with government bond yields up and losses in the USD in a low liquidity backdrop as US markets are closed today due to Presidents' Day and in China on New Year festivities. Nevertheless, optimism remains due to vaccine rollout, expectations of more stimulus and good corporate reports**
- **On the other hand, oil and other energy prices are surging today as Texas began rolling power blackouts for millions of households as people crank up heaters on an unprecedented Arctic freeze affecting the region. The US Senate acquitted Trump of charges in its trial during the weekend**
- **December's industrial production in the Eurozone declined 1.6% m/m, lower than expected. In our view, this helps confirm the renewed impact from more severe lockdowns due to #COVID19**
- **Market attention this week will remain on earnings reports in the US and abroad, along COVID-19 dynamics as optimism has picked up due to lower infections. Eurozone finance minister will gather to discuss about the euro and the pandemic, among other issues**
- **In the monetary policy front, we highlight the Fed minutes –with speeches also by several of its members– and by the ECB, along the rate decision in Turkey. Meeting also in Indonesia, among other countries, along January inflation in the UK**
- **In economic data, PMI indicators for February in the Eurozone, US, Germany and the UK. Also, in the former, 4Q20 GDP, consumer confidence and current account. Other releases in the US include the Empire and Philly Fed indicators, retail sales, industrial production and housing figures**
- **In Mexico, 8 companies will release financial results for 4Q20, accelerating until two weeks. Few data in coming days, noting only the Timely Economic Indicator of Economic Activity for January, with mixed signals about dynamism at the start of the year**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
	Markets closed for Presidents' Day				
Eurozone					
5:00	Trade balance* - Dec	EURmn	--	25.0	25.1
5:00	Industrial production* - Dec	% m/m	--	-0.6	2.5

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	3,946.75	0.4%
Euro Stoxx 50	3,732.33	1.0%
Nikkei 225	30,084.15	1.9%
Shanghai Composite	3,655.09	0.0%
<i>Currencies</i>		
USD/MXN	19.95	0.0%
EUR/USD	1.21	0.0%
DX	90.38	-0.1%
<i>Commodities</i>		
WTI	60.69	2.1%
Brent	63.39	1.5%
Gold	1,821.99	-0.1%
Copper	381.70	0.8%
<i>Sovereign bonds</i>		
10-year Treasury	1.21	0pb

Source: Bloomberg

Equities

- **Stock markets kicked-off the week with subdued volume, as some major exchanges such as the US, China and Hong Kong remained closed due to the President's Day and Lunar New Year's holiday, respectively. Nonetheless, open equity markets reflect a positive sentiment and even reach new record highs, driven by optimism regarding the vaccination rollout**
- **That said, in Europe, the Stoxx is up 1.0%, mainly on the back of gains in the energy sector as crude oil prices surged, yet the UK's FTSE advancing 1.8% stands out. Meanwhile in Asia, the trading session ended green in most exchanges. The Nikkei raised 1.9% while the Kospi did so by 1.5%**
- **On the corporate side in Mexico, Oma is scheduled to release its 4Q20 earnings today, after market close**

Sovereign fixed income, currencies and commodities

- **Pressures in global rates with European bonds adjusting +3bps, while US markets are closed today due to Presidents' Day. Locally, the Mbonos' curve closed last week with a strong rally in short- and long-term securities of 11bps and 5bps, respectively**
- **Positive performance in G10 and EM currencies. In the former, NOK leads gains (+0.5%), while in the latter TRY is the strongest with a 0.9% appreciation. MXN trades unchanged at 19.95 per dollar after a 0.7% weekly appreciation scoring two positive weeks in a row**
- **The energy market registers a strong rally due to power blackouts in Texas. Crude-oil prints gains (WTI +2.0% and Brent +1.5%) reaching fresh highs since January 2020, as well as natural gas (+2.1%). In metals, gold loses 0.1% and industrials register a mixed performance**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,458.40	0.1%
S&P 500	3,934.83	0.5%
Nasdaq	14,095.47	0.5%
IPC	44,202.52	0.3%
Ibovespa	119,428.70	0.1%
Euro Stoxx 50	3,695.61	0.7%
FTSE 100	6,589.79	0.9%
CAC 40	5,703.67	0.6%
DAX	14,049.89	0.1%
Nikkei 225	29,520.07	-0.1%
Hang Seng	30,173.57	0.0%
Shanghai Composite	3,655.09	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.11	0pb
10-year Treasuries	1.21	4pb
28-day Cetes	4.03	-1pb
28-day TIIE	4.29	-15pb
2-year Mbono	4.12	-3pb
10-year Mbono	5.59	1pb
<i>Currencies</i>		
USD/MXN	19.95	-0.1%
EUR/USD	1.21	-0.1%
GBP/USD	1.38	0.2%
DXY	90.48	0.1%
<i>Commodities</i>		
WTI	59.47	2.1%
Brent	62.43	2.1%
Mexican mix	57.89	1.9%
Gold	1,824.23	-0.1%
Copper	378.80	0.4%

Source: Bloomberg

Corporate Debt

- **During this week the first issuance of the year is expected by Corporativo GBM (GMB 21 for MXN 1.2 billion with 5-year term; 'HR AA +'). The proceeds from the new bond will be for the refinancing of the GBM 16 issuance next to mature**
- **Notice of partial early amortization of the DESC 18 issuance (Dalton Efectivo Seguro ABS) on February 22 for MXN 39.62 million. Currently, the bond has an outstanding amount of MXN 466 million and is rated 'AA (mex)' by Fitch Ratings and 'HR AAA' by HR Ratings**
- **Fitch Ratings ratified GANACB 11U (Autopista Amozoc-Perote FF) rating at 'AAA (mex) vra' with a Stable outlook**

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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