

# Financial Markets Daily

February 16, 2021

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

- **Stock markets mixed. Positive in Asia and US futures while in Europe there is some profit taking. Activity in the US resumes after yesterday's holiday amid optimism on vaccines and higher stimulus. The USD weakens with government bond yields and commodities ticking up in a context of disruptions in the US energy market**
- **After Trump's failed impeachment, Democrats refocused their efforts on the fiscal front, pushing forward on several ways they can streamline their US\$1.9 trillion proposal so that it can be approved, including the minimum wage increase which would take it to US\$15 per hour**
- **On the vaccine, progress at a global scale continues, with the US reporting that nearly 12% of the population has received at least one dose. In Mexico we are expecting the arrival of another batch of the Pfizer/BioNTech vaccines, while inoculations for the elderly continue**
- **In other news, a cold weather wave struck southern states in the US and northern ones in Mexico, impacting energy supply in both countries. This in turn has generates relevant distortions in prices, mainly gas and crude oil**
- **On economic data, 4Q20 GDP in the Eurozone was revised slightly higher to -0.6% q/q (-5.0% y/y). Meanwhile, Germany's ZEW survey showed an increase in the expectations component to 71.2pts, with current conditions more stable at -67.2pts. In this context, Finance ministers from the region will meet today to discuss the economic situation. In the US we will be looking into February's Empire manufacturing, with speeches from four Fed members, highlighting Bowman from the Board of Governors**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	GER ZEW Survey (expectations) - Feb	index	--	59.5	61.8
5:00	EZ Gross domestic product - 4Q20 (P)	% y/y	--	-5.1	-5.1
5:00	EZ Gross domestic product* - 4Q20 (P)	% q/q	--	-0.7	-0.7
<i>United States</i>					
8:30	Empire manufacturing* - Feb	index	5.0	6.7	3.5
11:10	Fed's Michelle Bowman speaks to the Community Banking Conference				
11:30	Fed's Esther George discusses economic outlook				
13:00	Fed's David Kaplan talks about the economy				
14:00	Fed's Daly discusses economy and inequality				
<i>Mexico</i>					
10:00	International reserves Feb 12	US\$bn	--	--	195.7
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-y Mbono (Mar'26) and 10-y Udibono (Nov'31)				

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	3,949.50	0.5%
Euro Stoxx 50	3,731.58	-0.1%
Nikkei 225	30,467.75	1.3%
Shanghai Composite	3,655.09	0.0%
<i>Currencies</i>		
USD/MXN	20.12	0.8%
EUR/USD	1.21	0.0%
DX	90.32	-0.2%
<i>Commodities</i>		
WTI	59.69	0.4%
Brent	63.05	-0.4%
Gold	1,805.27	-0.7%
Copper	383.65	1.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.26	5pb

Source: Bloomberg

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## Equities

- **Mixed movements in equity markets with optimism regarding vaccination process and possible new stimulus that will support the economic recovery. The rise in the shares from the energy sector stands out, driven by disruptions in the US market. In the corporate front, out of the 12 S&P 500 companies scheduled to report today, 4 have already updated investors with most outperforming estimates, including CVS Health Corp and Vulcan Materials. American International Group will publish its figures after the market closes**
- **In Asia the markets closed positive, while in China there were no operations due to a holiday. Stocks in Europe are mixed, the Euro Stoxx shows little change. In turn, in the US operations will resume after yesterday's holiday and the futures of main indices point to a higher open by rising 0.5% on average. In Mexico, yesterday Oma reported its 4Q20 results with a better than expected sequential recovery. Today, AC will release its figures before the market opens**

## Sovereign fixed income, currencies and commodities

- **Pressure bias in global rates, with Europe extending yesterday's sell-off by ~2bps where the 10-year German benchmark reaches its highest yield since June. The US Treasuries curve steepens with losses of up to 6bps in the long-end, where the 10-year note trades at its highest since March**
- **Weak USD with a positive balance in all the G10 currencies, although with narrow-ranged movements, while in EM FX bias is mixed with TRY outperforming (+0.7%). The Mexican peso depreciates 0.8% to 20.12 after a session with few variations yesterday**
- **Disruptions in the US electric market impact energy prices, with WTI and Brent reaching their highest since January while natural gas and gasoline also experience pressures. In metals, the industrials' space integrates a good performance in copper, while in precious gold and silver trade stable**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,458.40	0.0%
S&P 500	3,934.83	0.0%
Nasdaq	14,095.47	0.0%
IPC	44,157.49	-0.1%
Ibovespa	119,428.70	0.0%
Euro Stoxx 50	3,734.20	1.0%
FTSE 100	6,756.11	2.5%
CAC 40	5,786.25	1.4%
DAX	14,109.48	0.4%
Nikkei 225	30,084.15	1.9%
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	0pb
28-day Cetes	4.03	0pb
28-day TIIE	4.29	0pb
2-year Mbono	4.13	1pb
10-year Mbono	5.62	3pb
<i>Currencies</i>		
USD/MXN	19.96	0.1%
EUR/USD	1.21	0.1%
GBP/USD	1.39	0.4%
DXY	90.48	0.0%
<i>Commodities</i>		
WTI	59.47	0.0%
Brent	63.30	1.4%
Mexican mix	57.89	0.0%
Gold	1,818.86	-0.3%
Copper	378.80	0.0%

Source: Bloomberg

## Corporate Debt

- **PCR Verum downgraded TV Azteca's short- and long-term ratings to 'C/M' and '4/M'; the rating for its issuance AZTECA 17 was downgraded to 'C/M' from 'A/M'**
- **Moreover, PCR Verum withdrew the Negative outlook for the long-term ratings, placing them on Negative Watch**
- **The actions on TV Azteca's credit ratings follow the announcement made by the company to delay the coupon payment on its Senior Notes 2024 scheduled for February 9, 2021 for US\$16.5 million**

## 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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<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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