

Financial Markets Daily

February 17, 2021

Main drivers for the financial markets today...

- **Stock markets and government bond yields are trading lower, while the dollar posts gains amid concerns about: (1) Disruptions the arctic wave is causing in the energy industry, as well as in economic activity and vaccination processes; (2) US Treasury yield curve and; (3) some earnings results**
- **In this context, vaccines' administration is being affected by the cold wave closing vaccination centers in Chicago, power cuts in Houston and complications with transportation**
- **On the monetary policy front, the attention will be on the FOMC minutes. Among the highlights we expect members' discussions on how fiscal events have changed their views. Likewise, they will likely reveal a range of views on how strongly to commit to keeping the pace of asset purchases constant until year-end. Today's Fed speakers' agenda includes the interventions of Barkin and Rosengren**
- **Regarding economic figures, in the US, retail sales for January will be released. We estimate a 0.8% m/m advance after the previous 0.7% m/m drop. Likewise, the industrial production report will also be published. We anticipate a 0.3% m/m increase after the 1.6% m/m advance posted on December, with manufacturing growing 0.5% m/m**
- **In the United Kingdom, January inflation was published at 0.7% y/y slightly above the previous figure with the core inflation remaining at 1.4% y/y**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>UK</i>					
1:00	Consumer prices - Jan	% a/a	--	0.5	0.8
1:00	Core - Jan	% a/a	--	1.3	1.4
<i>United States</i>					
8:30	Producer prices* - Jan	% m/m	--	0.4	0.3
8:30	Ex. food & energy* - Jan	% m/m	--	0.2	0.1
8:30	Advance retail sales* - Jan	% m/m	0.8	1.0	-0.7
8:30	Ex autos & gas* - Jan	% m/m	--	0.6	-2.1
8:30	Control group* - Jan	% m/m	0.6	1.0	-1.9
9:00	Fed's Thomas Barkin speaks in the Maryland Chamber of Commerce				
9:15	Industrial production* - Jan	% m/m	0.3	0.4	1.6
9:15	Manufacturing* - Jan	% m/m	0.5	0.7	0.9
9:15	Fed's Eric Rosengren takes part in a panel in the Concord Coalition				
14:00	FOMC Meeting minutes				

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	3,929.50	0.0%
Euro Stoxx 50	3,719.45	-0.2%
Nikkei 225	30,292.19	-0.6%
Shanghai Composite	3,655.09	0.0%
<i>Currencies</i>		
USD/MXN	20.27	0.5%
EUR/USD	1.21	-0.3%
DX	90.81	0.3%
<i>Commodities</i>		
WTI	61.22	1.9%
Brent	64.69	2.1%
Gold	1,792.11	-0.1%
Copper	382.65	-0.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.30	-2pb

Source: Bloomberg

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Equities

- **Stock markets mixed and with a negative bias, as investors remain attentive to corporate results and monitor rising US Treasury yields, which could lead to a shift from equities to fixed income assets**
- **In the US, futures anticipate a flat opening, with the S&P500 trading at -0.1%. In Europe, the Stoxx 600 declined 0.3%, with technology stocks posting the biggest losses. Meanwhile, in Asia markets closed mixed, where the Hang Seng rose 1.1% and the Nikkei fell 0.6%. Markets in China remained closed for holidays**
- **In Mexico, yesterday AC reported in line with our estimates, highlighting improved profitability, while today we expect Fiho's results at market close. In the US, 10 S&P500 companies are scheduled to report today, of which 4 have reported mixed results**

Sovereign fixed income, currencies and commodities

- **Mixed balance in global rates with European bonds adjusting +1bp, while US Treasuries print gains of 2bps in the long-end of the yield after a 8bps sell-off yesterday. In local terms, the Mbonos' curve closed with a 9bps sell-off, on average in short- and mid-term securities yesterday**
- **USD strengthens (BBDXY +0.3%) against G10 and EM currencies. In the former, SEK leads losses (-0.4%), while in the latter ZAR is the weakest with a 0.7% depreciation. MXN trades at 20.28 per dollar (-0.6%) scoring three negative sessions in a row**
- **Crude-oil prints gains of ~1.4% reaching fresh highs since January 2020, due to a supply disruption following power blackouts caused by a winter storm in Texas. In metals, gold loses 0.1% and industrials register a mixed performance**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,522.75	0.2%
S&P 500	3,932.59	-0.1%
Nasdaq	14,047.50	-0.3%
IPC	44,698.59	1.2%
Ibovespa	119,428.70	0.0%
Euro Stoxx 50	3,726.40	-0.2%
FTSE 100	6,748.86	-0.1%
CAC 40	5,786.53	0.0%
DAX	14,064.60	-0.3%
Nikkei 225	30,467.75	1.3%
Hang Seng	30,746.66	1.9%
Shanghai Composite	3,655.09	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.12	1pb
10-year Treasuries	1.31	11pb
28-day Cetes	4.01	-2pb
28-day TIE	4.29	0pb
2-year Mbono	4.12	-1pb
10-year Mbono	5.72	10pb
<i>Currencies</i>		
USD/MXN	20.15	1.0%
EUR/USD	1.21	-0.2%
GBP/USD	1.39	0.0%
DXY	90.51	0.0%
<i>Commodities</i>		
WTI	60.05	1.0%
Brent	63.35	0.1%
Mexican mix	58.80	1.6%
Gold	1,794.47	-1.3%
Copper	383.40	1.2%

Source: Bloomberg

Corporate Debt

- **IEnova announced that the purchase agreement for the acquisition of Saavi Energía's shares of Energía Sierra Juárez has entered into effect. The purchase price of such shares is approximately US\$83 million, net of the corresponding amount of the company's debt**
- **Fitch Ratings mentioned that the recent announcement of Sinca Inbursa's spin-off will not materially affect Banco Inbursa's credit profile**
- **Banco Inbursa's Issuer Default Ratings (IDR) remained at 'BBB-' with a Negative Outlook by Fitch Ratings**

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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 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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