

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets lower, with the USD and government bond yields up amid concerns that global economic growth, particularly in the US –boosted mainly by fiscal stimulus–, could trigger enough inflationary pressures to foster rate hikes sooner than expected, which is steepening the US Treasury yield curve**
- **In Germany, the IFO index of expectations stood at 94.2pts in February, above market consensus. During the weekend, the one- and five-year loan prime rates in China remained unchanged, with the PBoC avoiding to increase stimulus and retiring liquidity today**
- **Market focus this week will remain on the earnings season in the US and abroad. The US\$1.9 trillion fiscal stimulus package proposed by Joe Biden could be approved by Congress, while Fed chair Jerome Powell will have hearings before legislators**
- **In monetary policy, decisions by New Zealand, South Korea and Israel. Moreover, price data includes February’s inflation in Brazil and January’s PCE deflator in the US. In Mexico, we expect inflation in the first half of February at 0.27% 2w/2w**
- **Heavy data agenda, with 4Q20 GDP in Germany, Mexico and the US. Also, in the latter, consumer confidence, durable goods orders, trade balance and personal income/spending. Unemployment rate in the UK and Brazil, along monetary aggregates in the Eurozone**
- **Several figures in Mexico, among them retail sales and IGAE (December); unemployment rate, trade balance and banking credit (January); and 4Q20 current account. We will watch closely Banxico's minutes, especially the debate on inflation, expecting them to maintain a dovish bias**

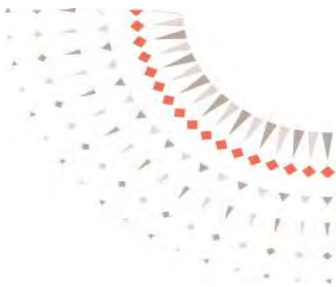
The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
4:00	IFO Survey (business climate)* - Feb	index	--	90.5	90.1
<i>United States</i>					
15:30	Fed's Bowman Discusses Economic Inclusion				
<i>Mexico</i>					
15:30	Survey of expectations (Citibanamex)				

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



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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,874.25	-0.7%
Euro Stoxx 50	3,686.45	-0.7%
Nikkei 225	30,156.03	0.5%
Shanghai Composite	3,642.45	-1.5%
<i>Currencies</i>		
USD/MXN	20.72	1.4%
EUR/USD	1.21	0.1%
DXY	90.26	-0.1%
<i>Commodities</i>		
WTI	59.86	1.0%
Brent	63.50	0.9%
Gold	1,793.86	0.5%
Copper	410.60	0.8%
<i>Sovereign bonds</i>		
10-year Treasury	1.38	4pb

Source: Bloomberg

Equities

- **Stock markets kicked-off the week with negative bias on growing concerns regarding the possibility of seeing inflation rising (and therefore pushing interest rates higher), which has put valuations back into investors' spotlight. The latter also led to some profit taking, especially on the technology sector**
- **In this context, US futures are set for a negative opening. S&P500 futures trade 0.7% below fair value, yet those of the Nasdaq stand out by falling 1.3%. In Europe the Stoxx is down 0.7%. In Asia, the trading session ended mixed. The Nikkei advanced 0.5%, while the Shanghai Composite dropped 1.5%**
- **On the corporate side, today's main earnings releases expected in the US are Discovery Inc, Diamondback Energy, Occidental Petroleum & Marathon Oil**

Sovereign fixed income, currencies and commodities

- **Pressures in global rates with European bonds adjusting +1bp, while US Treasuries print a 3bps sell-off with the 10Y benchmark reaching fresh highs since February. In México, the Mbonos' curve closed last week with a strong steepening averaging a sell-off of 27bps. The 2Y node ended at 4.03% (+3bps) and the 10Y at 6.07% (+49bps)**
- **USD trades fairly unchanged amid mixed performance in G10 currencies under narrow ranges. In EM, bias is negative while MXN is the weakest currency trading at 20.72 per dollar (-1.4%) after a 2.4% weekly depreciation followed by ZAR and TRY**
- **Crude-oil prints gains following the slow return of output cuts due to freezing temperatures in Texas. Metals' performance is positive, gold and copper gain 0.5% and 0.8%, respectively with the latter trading at its highest level since 2011**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,494.32	0.0%
S&P 500	3,906.71	-0.2%
Nasdaq	13,874.46	0.1%
IPC	44,900.08	0.9%
Ibovespa	118,430.50	-0.6%
Euro Stoxx 50	3,713.46	0.9%
FTSE 100	6,624.02	0.1%
CAC 40	5,773.55	0.8%
DAX	13,993.23	0.8%
Nikkei 225	30,017.92	-0.7%
Hang Seng	30,644.73	0.2%
Shanghai Composite	3,696.17	0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	0.10	0pb
10-year Treasuries	1.34	4pb
28-day Cetes	4.03	0pb
28-day TIIE	4.29	0pb
2-year Mbono	4.13	2pb
10-year Mbono	6.08	13pb
<i>Currencies</i>		
USD/MXN	20.43	0.6%
EUR/USD	1.21	0.2%
GBP/USD	1.40	0.3%
DX-Y	90.36	-0.3%
<i>Commodities</i>		
WTI	59.24	-2.1%
Brent	62.91	-1.6%
Mexican mix	58.07	-2.2%
Gold	1,784.25	0.5%
Copper	407.75	4.4%

Source: Bloomberg

Corporate Debt

- **Grupo Aeroméxico announced that, after meeting the conditions, the company requested the disbursement of the remaining undrawn commitments of the Tranche 2 facility under the DIP Financing for US\$625 million, for a total amount of US\$1.0 billion**
- **Fitch Ratings affirmed long-term ratings for Concesionaria Mexiquense's issuance, CONMEX 14U; the local scale ratings were ratified at 'AAA(mex)' and its global scale ratings at 'BBB' with a Stable outlook**
- **CIBanco (Trustee) announced a partial early redemption of Firma Car's issuance, FIRMACB 18, for MXN 6.93 million on March 1**

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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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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