

Financial Markets Daily

February 23, 2021

Main drivers for the financial markets today...

- **Stock markets mixed. Positive in Asia, driven by travel stocks given progress in the vaccination process. Meanwhile, in Europe and futures in the US trend down while the USD gains strength in an environment of rising government bond yields and commodities prices higher, impacting tech stocks**
- **On the vaccines, additional studies suggest that this are having better than expected results in stopping the transmission of the virus. Moreover, AstraZeneca's vaccine is seemingly effective against other strains of the virus. In this context, in our country this process continues, with a total of 1.7 million doses having been administered**
- **In the US attention will center on Fed Chairman, Jerome Powell's testimony before the Senate Banking Committee. It is expected that he will reaffirm that the central bank will not withdraw stimulus anytime soon, although it is expected that he will be interrogated on matters related to inflation. On economic data we will be looking at February's consumer confidence, expecting a slight acceleration to 91pts**
- **In the UK, December's unemployment rate rose marginally to 5.1%. Meanwhile, the final revision for January's inflation in the Eurozone was unchanged, with the headline at 0.9% y/y and the core at 1.4%**
- **In Mexico we do not have relevant releases, with attention on the discussion process on the reform to the Electric System Law, which will be presented today on the floor of the Lower House**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
2:00	UK Unemployment rate* - Dec	%	--	5.1	5.0
5:00	EZ Consumer prices - Jan (F)	% y/y	--	0.9	-0.3
5:00	Core - Jan (F)	% y/y	--	1.4	1.4
<i>United States</i>					
9:00	S&P/CoreLogic housing prices - Dec	% y/y	--	10.0	9.1
10:00	Consumer confidence* - Feb	index	91.0	90.0	89.3
10:00	Powell To Deliver Semi-Annual Monetary Policy Report				
<i>Mexico</i>					
10:00	International reserves - Feb 16	US\$bn	--	--	195.8
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Nov'47); 30-year Udibono (Nov'50) and 1, 3, and 5-year Bondes D				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted; ** Seasonally adjusted annualized rate.

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,854.50	-0.5%
Euro Stoxx 50	3,678.94	-0.6%
Nikkei 225	30,156.03	0.0%
Shanghai Composite	3,636.36	-0.2%
<i>Currencies</i>		
USD/MXN	20.70	-0.1%
EUR/USD	1.21	-0.1%
DX	90.22	0.2%
<i>Commodities</i>		
WTI	61.97	0.8%
Brent	65.47	0.4%
Gold	1,810.57	0.0%
Copper	412.60	-0.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.36	0pb

Source: Bloomberg

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Equities

- **Mixed movements in equity markets, with negative bias, as concerns about higher interest rates continues due to a possible upturn in inflation, which takes more strength with the rise in commodity prices. In this way, technology stocks are affected by the rotation to sectors with valuations that look less tight. In turn, in the corporate front, out of the 8 S&P 500 companies scheduled to report today, 3 have already updated investors with outperforming estimates, including Home Depot and CBRE Group**
- **In Asia most markets closed positive. In Europe stocks drop, the Euro Stoxx decreases 0.6%. In turn, in the US the futures of main indices point to a lower open by falling 0.7% on average**
- **In Mexico, Liverpool will release its 4Q20 earnings results after the market closes**

Sovereign fixed income, currencies and commodities

- **Global rates under pressure, mainly in Europe, and with a modest breather in US Treasuries although the longest-end still experiences losses with investors watching for Powell's speech ahead of Congress this Tuesday. Yesterday the Mbonos' curve sold-off 8bps, on average**
- **Mixed performance for the USD amid greater weakness against EM currencies where CLP leads the rally (+0.4%). In developed pairs trading is range bound with GBP as the strongest (+0.2%). USD/MXN gains 0.1% to 20.70**
- **Crude oil positive amid greater expectation of narrower balances in the followings months as demand recovers under a context of reduced inventories and still present supply cuts. Few changes in precious metals while industrials trade mixed**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,521.69	0.1%
S&P 500	3,876.50	-0.8%
Nasdaq	13,533.05	-2.5%
IPC	44,946.61	0.1%
Ibovespa	112,667.70	-4.9%
Euro Stoxx 50	3,699.85	-0.4%
FTSE 100	6,612.24	-0.2%
CAC 40	5,767.44	-0.1%
DAX	13,950.04	-0.3%
Nikkei 225	30,156.03	0.5%
Hang Seng	30,319.83	-1.1%
Shanghai Composite	3,642.45	-1.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.11	1pb
10-year Treasuries	1.37	3pb
28-day Cetes	4.05	2pb
28-day TIE	4.29	0pb
2-year Mbono	4.18	5pb
10-year Mbono	6.19	11pb
<i>Currencies</i>		
USD/MXN	20.73	1.5%
EUR/USD	1.22	0.3%
GBP/USD	1.41	0.3%
DXY	90.01	-0.4%
<i>Commodities</i>		
WTI	61.49	3.8%
Brent	65.24	3.7%
Mexican mix	60.10	3.5%
Gold	1,809.67	1.4%
Copper	414.90	1.8%

Source: Bloomberg

Corporate Debt

- **Unifin Financiera announced the final results of the participation in the previously announced offer exchange that expired on February 17th. Unifin agreed to exchange US\$1.7 million of the 2025 Notes. Holders will be entitled to receive US\$905.00 of New Notes for each US\$1,000 of 2025 Notes**
- **S&P Global Ratings affirmed the long-term national scale rating for Naturgy México at 'mxAA+' and assigned the same rating for the upcoming bonds, NM 21 / 21-2**
- **S&P Global Ratings ratified the long-term global and national scale ratings for Kimberly-Clark de México at 'BBB+' and 'mxAAA', respectively, with a Stable outlook**
- **Bondholders Meeting Agreements of issuances AEROMEX 01119 / 01219 / 00120 / 00220 / 00320 held on February 18th**

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