

Financial Markets Daily

February 24, 2021

Main drivers for the financial markets today...

- **Mixed stock markets. Negative in Asia, following yesterday's concerns about increases in government bond yields as well as a new city tax in Hong Kong. Meanwhile, Europe, futures in the US and government bond yields trend up, as the dollar posts losses, digesting Powell's speech that reiterated a lax monetary stance for some time**
- **Following Powell's testimony yesterday on the Semiannual Monetary Policy Report to the Senate Banking Committee, he will appear again today before the House Financial Services Committee. There will also be interventions in different forums by Brainard and Clarida**
- **Regarding economic figures, in Brazil inflation in the period from January 16 through February 15 was published at 0.48% m/m, slightly below consensus estimate. With this result the annual variation stood at 4.57% from 4.30% previously, remaining above the central bank's target. The report adds to speculation that there will be hikes in the Selic rate this year**
- **In Mexico, INEGI released 1H-February's inflation, advancing 0.23% 2w/2w. The core came in at 0.22% 2w/2w. With these results, annual inflation increased to 3.84% from 3.74% in the previous fortnight, with the core at 3.84% (previous 3.84%)**
- **INEGI also published December's retail sales, standing at -5.9% y/y. In sequential terms, these declined 2.4% m/m, although only after rising 3.6% the previous month, driven by El Buen Fin (Mexico's Black Friday)**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Retail sales - Dec	% y/y	-5.8	-7.7	-5.1
7:00	Retail sales* - Dec	% m/m	-2.3	-3.8	3.3
7:00	Consumer prices - Feb 15	% 2w/2w	0.27	0.27	0.50
7:00	Core - Feb 15	% 2w/2w	0.28	0.22	0.17
7:00	Consumer prices - Feb 15	% y/y	3.91	3.88	3.74
11:30	Extraordinary Cetes auction considering 182-, 238-, 350-, and 588-days securities				
<i>United States</i>					
10:00	New home sales** - Jan	thousands	--	865	842
10:00	Fed's Powell testifies Before House Financial Services Panel				
10:30	Fed's Brainard Discusses Maximum Employment Mandate				
13:00	Fed's Clarida Discusses U.S. Economic Outlook				
16:00	Fed Vice Chair Richard Clarida Discusses Economy				

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	3,891.00	0.3%
Euro Stoxx 50	3,707.75	0.5%
Nikkei 225	29,671.70	-1.6%
Shanghai Composite	3,564.08	-2.0%
<i>Currencies</i>		
USD/MXN	20.36	-0.9%
EUR/USD	1.22	0.1%
DX	90.10	-0.1%
<i>Commodities</i>		
WTI	62.31	1.0%
Brent	66.12	1.1%
Gold	1,807.36	0.1%
Copper	420.70	0.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.38	4pb

Source: Bloomberg

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Equities

- **Stock markets mixed with positive bias, following Powell's comments to support economic growth, and be committed to the current monetary policy, easing concerns about higher interest rates and a rebound in inflation. In this way, US futures anticipate a positive opening, with the S&P500 futures trading at +0.3%**
- **In Europe, the Stoxx 600 gains 0.5%, with materials sector leading the advance. In Asia, the Hang Seng and the Nikkei fell 3.0% and 1.6%, respectively**
- **In Mexico, yesterday Livepol reported above our estimates, highlighting the vigorous sequential recovery, while today we expect results from Asur, Creal, Gap, Gentera, Gicsa, Kof, Lab, Lacomer, and Orbia. In the US, 16 S&P500 companies report today, 4 of them have reported mixed results**

Sovereign fixed income, currencies and commodities

- **Pressures in global rates with European bonds adjusting +1bp, while US Treasuries print a 6bps sell-off in the longest-end of the yield curve. In Mexico, the Mbonos' curve closed yesterday with a 14bps rally, on average, with long-term securities adjusting -23bps**
- **USD trades negative (BBDXY -0.2%) amid a positive performance in G10 currencies with NZD leading gains (+0.7%). In EM, bias is positive with RUB as the strongest currency (+1.2%) followed by ZAR and MXN. The latter trades close to its 100-day MA at 20.37 per dollar (+0.8%)**
- **Crude-oil prints gains following the slow return of output cuts. Today attention will focus on EIA inventory report after API released an inventory increase yesterday. In metals, gold trades at 1,810 US\$/oz t (+0.2%) and industrials print a mixed balance**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,537.35	0.0%
S&P 500	3,881.37	0.1%
Nasdaq	13,465.20	-0.5%
IPC	45,268.33	0.7%
Ibovespa	115,227.50	2.3%
Euro Stoxx 50	3,689.10	-0.3%
FTSE 100	6,625.94	0.2%
CAC 40	5,779.84	0.2%
DAX	13,864.81	-0.6%
Nikkei 225	30,156.03	0.0%
Hang Seng	30,632.64	1.0%
Shanghai Composite	3,636.36	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.11	0pb
10-year Treasuries	1.34	-2pb
28-day Cetes	4.20	15pb
28-day TIE	4.29	0pb
2-year Mbono	4.15	-4pb
10-year Mbono	6.01	-18pb
<i>Currencies</i>		
USD/MXN	20.53	-1.0%
EUR/USD	1.22	-0.1%
GBP/USD	1.41	0.4%
DXY	90.17	0.2%
<i>Commodities</i>		
WTI	61.67	0.3%
Brent	65.37	0.2%
Mexican mix	60.53	0.7%
Gold	1,805.73	-0.2%
Copper	418.75	0.9%

Source: Bloomberg

Corporate Debt

- **HR Ratings affirmed Fhipo's ratings at 'HR AAA' and modified the outlook to Positive from Stable, based on the expectation of a recovery in profitability levels in the following periods.**
- **América Móvil announced that it completed the placement of bonds for €2.1 billion convertible for common shares of Koninklijke KPN with maturity in 3 years, zero coupon and a price of 104.75% of the principal amount.**
- **Alpek announced the final results of its offer to repurchase its 2022 Senior Notes where US\$315.97 million was tendered and accepted at a price of US\$1,067.90 per US\$1,000 of principal**

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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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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