

# Financial Markets Daily

March 1, 2021

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

- **Stock markets trading higher, with government bond yields down and the USD mixed amid optimism of more interest rate stability and expectations that central banks could move to contain higher volatility. Moreover, robust global growth is still seen, supported by stronger fiscal stimulus**
- **China PMIs for February were released on the weekend, with the composite indicator at 51.6pts from 52.8pts previously, albeit likely distorted by the timing of the Chinese New Year. In the Eurozone, the manufacturing indicator was slightly higher relative to the preliminary print**
- **Market focus this week will be on the nonfarm payrolls report, the end of the earnings season and likely approval of new fiscal stimulus in the US. Other relevant events include the National People's Congress in China and OPEC's ministerial meeting**
- **In monetary policy, decisions in Australia, Poland, and Malaysia, among others. We will also have the *Beige Book* and a plethora of Fed speakers, including Powell, in the midst of high volatility in Treasuries. Also, February inflation in the Eurozone**
- **In Mexico, watch the Quarterly Report by Banxico, focused on changes to inflation forecasts and comments about market dynamics. In the agenda, remittances, IMEF indicators, public finance report, and gross fixed investment and consumption figures**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
8:00	Consumer prices - Feb (P)	% y/y	--	1.5	1.6
Brazil					
8:00	Manufacturing PMI* - Feb	index	--	--	56.5
United States					
9:00	Fed's Williams Makes Opening Remarks at Conference				
9:05	Fed's Brainard discusses financial stability				
10:00	ISM Manufacturing* - Feb	index	58.0	58.6	58.7
14:00	Fed's Bostic, Mester and Kashkari Discuss Racism and Economy				
Mexico					
10:00	Family remittances - Jan	US\$m	3,158.7	3,250.0	3,661.0
13:00	PMI manufacturing (IMEF)* - Feb	index	48.7	--	50.2
13:00	PMI non-manufacturing (IMEF)* - Feb	index	48.4	--	47.6

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

## A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,849.00	1.0%
Euro Stoxx 50	3,675.09	1.1%
Nikkei 225	29,663.50	2.4%
Shanghai Composite	3,551.40	1.2%
<i>Currencies</i>		
USD/MXN	20.85	0.0%
EUR/USD	1.20	-0.3%
DX	91.06	0.2%
<i>Commodities</i>		
WTI	62.11	1.0%
Brent	65.07	-1.6%
Gold	1,743.94	0.6%
Copper	414.15	1.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.43	3pb

Source: Bloomberg

## Equities

- **Positive start of the week for global stock markets, as risk appetite among investors is driven by more stable interest rates and expectations for further fiscal stimuli. That said, stocks tied to economic reopening and poised for faster growth are outperforming the market**
- **In this context, US futures are set for a positive opening, with those of the S&P500 up 1% against their fairvalue. Meanwhile, in Europe, the Stoxx posts a 1.1% gain, bolstered by retail and travel. As for Asia, trading also ended green. The Nikkei advanced 2.4% against the Shanghai Composite recorded 1.2%**
- **On the corporate side, we expect Femsa & Sport's 4Q20 earning releases today, bringing the season in Mexico down to its end**

## Sovereign fixed income, currencies and commodities

- **Mixed balance in global rates, with European bonds adjusting -6bps, while US Treasuries print a 4bps sell-off in the longest-end of the yield curve. In Mexico, the Mbonos' curve closed last week with a 13bps sell off, on average, with the 10-year benchmark adjusting +17bps to 6.24%**
- **USD trades unchanged amid a mixed performance in G10 currencies with narrow ranges (+/-0.5%). In EM, bias is also mixed with TRY outperforming (+2.5%), while MXN trades slightly broadly unchanged at 20.86 per dollar after a 2.1% weekly depreciation**
- **WTI prints gains (+1.0%) supported by optimism over vaccinations with eyes on the next OPEC+ ministerial meeting this week. In metals, gold trades at 1,744 US\$/oz t (+0.6%) and industrials print a positive balance with gains in copper and nickel of 0.5%**

## Corporate Debt

- **During March we expect a rebound in long-term placements with MXN 11.9 billion in the pipeline**
- **Vitro informed that certain operating subsidiaries of the U.S. businesses entered into a financing through a bilateral credit agreement with ING Bank N.V., which amounts to US\$75 million, maturing in February 2026. The purpose of the proceeds is to prepay existing debt**
- **PCR Verum affirmed its 'AAA/M (e)' rating with a Stable outlook for the 'CSBCB 17' issuance. The rating takes into account the high cash flow generated by the collection of the assigned payroll discount portfolio, as well as the credit quality and capacity of Consubanco as portfolio manager and the capacity of its subsidiaries as originators of the collection rights**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,932.37	-1.5%
S&P 500	3,811.15	-0.5%
Nasdaq	13,192.35	0.6%
IPC	44,592.91	0.6%
Ibovespa	110,035.20	-2.0%
Euro Stoxx 50	3,636.44	-1.3%
FTSE 100	6,483.43	-2.5%
CAC 40	5,703.22	-1.4%
DAX	13,786.29	-0.7%
Nikkei 225	28,966.01	-4.0%
Hang Seng	28,980.21	-3.6%
Shanghai Composite	3,509.08	-2.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.13	-5pb
10-year Treasuries	1.40	-12pb
28-day Cetes	4.05	1pb
28-day TIE	4.28	0pb
2-year Mbono	4.25	1pb
10-year Mbono	6.25	-4pb
<i>Currencies</i>		
USD/MXN	20.86	0.0%
EUR/USD	1.21	-0.8%
GBP/USD	1.39	-0.6%
DXY	90.88	0.8%
<i>Commodities</i>		
WTI	61.50	-3.2%
Brent	66.13	-1.1%
Mexican mix	60.89	-2.2%
Gold	1,734.04	-2.1%
Copper	409.25	-4.0%

Source: Bloomberg

## 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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