

Financial Markets Daily

March 2, 2021

Main drivers for the financial markets today...

- **Stock markets mixed, government bond yields higher and the USD strengthening. Specifically, equities in Asia and futures in the US weaken given warnings from regulators in China and because an indicator of Bank of America which assess average recommended allocation to stocks is close to triggering a sell signal**
- **In China, the banking regulator warned over asset bubbles in the US and Europe, with performance being detached from fundamentals, arguing it could result in sharp market corrections. They also warned about price increases in their housing market, even despite some measures to curb this**
- **On fiscal stimulus in the US, President Biden will meet with all Senate Democrats to try to bridge the gap between the progressive wing, pushing for a minimum wage increase, and those more conservative, seeking targeted support**
- **On data, February's inflation in the Eurozone stood at 0.9% y/y, unchanged relative to January. Meanwhile, the core lost momentum at 1.1% (previous: 1.4%). In the US we will have February's auto sales. Nevertheless, attention will center on speeches from Brainard (Fed's Board) and Daly (San Francisco). In Mexico, the central bank will publish its survey of expectations, while the MoF will release January's public finance report**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Consumer prices - Feb	% y/y	--	1.0	0.9
5:00	Core - Feb	% y/y	--	1.4	1.4
<i>Mexico</i>					
10:00	International reserves - Feb 26	US\$bn	--	--	195.6
10:00	Survey of expectations (Banxico)				
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 3-year Mbono (Mar'23) and 3-year Udibono (Nov'23)				
15:30	Public finances (year-to-date) - Jan	MXNmn	--	--	-897.1
<i>United States</i>					
13:00	Fed's Brainard Speaks to the Council on Foreign Relations				
14:00	Fed's Daly Speaks to Economic Club of New York				
	Total vehicle sales** - Feb	thousands	--	16.4	16.6
<i>China</i>					
20:45	Services PMI (Caixin)* - Feb	index	--	51.5	52.0
20:45	Composite PMI (Caixin)* - Feb	index	--	--	52.2

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	3,893.50	-0.1%
Euro Stoxx 50	3,725.70	0.5%
Nikkei 225	29,408.17	-0.9%
Shanghai Composite	3,508.59	-1.2%
<i>Currencies</i>		
USD/MXN	20.69	0.1%
EUR/USD	1.20	-0.2%
DX	91.15	0.1%
<i>Commodities</i>		
WTI	60.81	0.3%
Brent	63.80	0.2%
Gold	1,730.99	0.3%
Copper	417.10	1.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.44	2pb

Source: Bloomberg

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Equities

- **Mixed movements in equity markets as investors are cautious about the warning of China's top banking regulator on the risks from assets bubbles in global financial markets and they are attentive to a BofA indicator -assesses the recommended average weighting in stocks- that is about to activate a sell signal. In turn, on the corporate front, Zoom shares climbs more than 8% in early US trading on an upbeat revenue forecast**
- **In Asia the markets closed mixed. In Europe stocks advance, the Euro Stoxx adds 0.5%. Shares from financial and consumer discretionary sectors lead gains, while those from energy superhead losses. In turn, in the US the futures of main indices point to a slight negative open by falling 0.1% on average**
- **In Mexico, the Mexbol may stand above the 44,700 pts**

Sovereign fixed income, currencies and commodities

- **Negative bias in global fixed-income with European sovereign bonds pressuring by 2bps, while US Treasuries extend yesterday's steepening with losses of up to 4bps in the 30-year area. The Mbonos curve started the week on a strong note, registering a 9bps rally, on average**
- **Positive price action for the USD amid a negative balance in EM and G10 currencies, although in both cases trading under relatively narrow ranges. In EM FX, BRL underperforms (-0.7%) and MXN depreciates 0.3% to 20.71 after a 0.9% appreciation yesterday**
- **Crude oil trades fairly unchanged with the market waiting for OPEC+ ministerial meeting on Thursday where the group is expected to reduce the level of supply cuts in the production pact. Mixed metals with losses of ~1% in copper and silver, while gold advances modestly**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,535.51	1.9%
S&P 500	3,901.82	2.4%
Nasdaq	13,588.83	3.0%
IPC	44,784.58	0.4%
Ibovespa	110,334.80	0.3%
Euro Stoxx 50	3,706.62	1.9%
FTSE 100	6,588.53	1.6%
CAC 40	5,792.79	1.6%
DAX	14,012.82	1.6%
Nikkei 225	29,663.50	2.4%
Hang Seng	29,452.57	1.6%
Shanghai Composite	3,551.40	1.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.12	-1pb
10-year Treasuries	1.42	1pb
28-day Cetes	4.05	0pb
28-day TIIE	4.28	0pb
2-year Mbono	4.21	-5pb
10-year Mbono	6.15	-10pb
<i>Currencies</i>		
USD/MXN	20.66	-1.0%
EUR/USD	1.20	-0.2%
GBP/USD	1.39	-0.1%
DXY	91.04	0.2%
<i>Commodities</i>		
WTI	60.64	-1.4%
Brent	63.69	-3.7%
Mexican mix	59.23	-2.7%
Gold	1,725.04	-0.5%
Copper	411.30	0.5%

Source: Bloomberg

Corporate Debt

- **Alpek will partially amortize its 4.50% Senior Bonds maturing in 2022 for US\$ 240 million of the principal amount on March 30, 2021. After the partial amortization, the remaining outstanding of the bonds will be US\$ 94 million**
- **Fitch Ratings ratified Ford Credit México's ratings at 'AA- (mex)' and 'F1+ (mex)'; kept Negative outlook. The ratification is based on Fitch's assessment of the capacity and high propensity to support of its ultimate holding company, Ford Motor Company ('BB + / Negative', global)**
- **Fitch Ratings affirmed GM Financial de México's debt ratings at 'AA + (mex)' and 'F1 + (mex)'. The ratings are based on the unconditional and irrevocable guarantee granted by its shareholder, General Motors Financial Company ('BBB-', global)**

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