

# Financial Markets Daily

March 3, 2021

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

- **Positive stock markets, as the dollar trades stable and government bonds yields are mostly up, amid good news about the evolution of the vaccination process in the world, especially in advanced economies and in particular in the US, where it is now anticipated that by the end of May, there will be enough doses to vaccinate all adults in the country**
- **In the US, the Senate is expected to begin the debate on the fiscal stimulus package already approved by the House of Representatives this afternoon. On the monetary policy front, the Beige Book report will be published, while there will interventions by Harker, Bostic, and Evans**
- **Regarding economic figures, in the US the ADP private sector employment report will be released. We estimate 250k jobs created in February (consensus +200 thousand). The non-manufacturing ISM will also be released and is estimated to remain around the current level at 58.7pts**
- **In Brazil the 4Q20 GDP was published at 3.2% q/q, above the consensus estimate of 2.8% q/q, after a 7.7% advance the previous quarter, with which the annual variation stood at -1.1%**
- **In Mexico, the central bank will release its Quarterly Report (QR) for 4Q20 around 1:30pm (ET). We expect the tone to remain dovish, similar to the latest policy statement and minutes. We will focus on updates to inflation forecasts (to the upside), revisions on GDP (higher in 2021), and other relevant indicators. Lastly, given recent market dynamics –especially on interest rates and the exchange rate–, we will also pay close attention on comments on this matter**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Brazil</i>					
7:00	Gross domestic product - 4Q20	% y/y	--	-1.4	-3.9
<i>United States</i>					
8:15	ADP employment* - Feb	thousands	250	170	174
9:45	Services PMI (Markit)* - Feb (F)	index	--	58.9	58.9
9:45	Composite PMI (Markit)* - Feb (F)	index	--	--	58.8
10:00	ISM Non-manufacturing* - Feb	index	--	58.8	58.7
10:00	Fed's Harker Discusses Equitable Workforce Discovery				
12:00	Fed's Bostic Discusses an Inclusive Economy				
13:00	Fed's Evans Discusses the Economic Outlook				
14:00	Beige book				
<i>Mexico</i>					
13:30	Banxico's Quarterly Report				

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	3,876.75	0.2%
Euro Stoxx 50	3,720.43	0.3%
Nikkei 225	29,559.10	0.5%
Shanghai Composite	3,576.91	1.9%
<i>Currencies</i>		
USD/MXN	20.75	0.7%
EUR/USD	1.21	-0.3%
DX	90.97	0.2%
<i>Commodities</i>		
WTI	60.40	1.1%
Brent	63.38	1.1%
Gold	1,710.77	-1.6%
Copper	415.70	-1.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.46	7pb

Source: Bloomberg

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## Equities

- **Stock markets with positive movements, as the main US indices rebound after the previous session's profit-taking, supported by Biden's encouraging comments on an accelerated vaccine deployment, while concerns about valuations diminish, increasing appetite for risky assets. Thus, US futures anticipate a positive opening, with the S&P500 trading at +0.2%**
- **Likewise, in Europe the Stoxx 600 rises 0.3%, highlighting the advance of the energy and financial sectors, while stocks benefiting from the recovery of economic activity lead the gains. Investors remain attentive to the British government's statements on the annual budget and fiscal support**
- **In Asia, markets closed higher, where the Hang Seng and the Shanghai Comp rose 2.7% and 2.0%, respectively**

## Sovereign fixed income, currencies and commodities

- **Sovereign bonds experience widespread pressures around the world reaching adjustments of up to +3bps in European securities, including peripherals, while US Treasuries adjust +5bps in long-term tenors. Yesterday the Mbonos' curve rallied 6bps, on average, from mid-term tenors onwards**
- **USD stable with a mildly positive bias, registering gains against most of G10 currencies, while emerging market pairs depict a mixed balance. INR (+0.9%) outperforms and BRL (-0.6%) is the weakest, with MXN depreciating 0.7% to 20.75**
- **Crude oil positive with focus on OPEC+ meeting tomorrow where potential adjustments to current supply cut agreement will be discussed. Moreover, vaccines rollout provides support. Metals trade mixed with a weaker performance in the precious space**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,391.52	-0.5%
S&P 500	3,870.29	-0.8%
Nasdaq	13,358.79	-1.7%
IPC	45,682.19	2.0%
Ibovespa	111,539.80	1.1%
Euro Stoxx 50	3,707.72	0.0%
FTSE 100	6,613.75	0.4%
CAC 40	5,809.73	0.3%
DAX	14,039.80	0.2%
Nikkei 225	29,408.17	-0.9%
Hang Seng	29,095.86	-1.2%
Shanghai Composite	3,508.59	-1.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.12	0pb
10-year Treasuries	1.39	-3pb
28-day Cetes	4.06	1pb
28-day TIE	4.28	0pb
2-year Mbono	4.22	1pb
10-year Mbono	6.08	-7pb
<i>Currencies</i>		
USD/MXN	20.61	-0.2%
EUR/USD	1.21	0.3%
GBP/USD	1.40	0.2%
DXY	90.79	-0.3%
<i>Commodities</i>		
WTI	59.75	-1.5%
Brent	62.70	-1.6%
Mexican mix	57.97	-2.1%
Gold	1,738.36	0.8%
Copper	422.20	2.7%

Source: Bloomberg

## Corporate Debt

- **For today the first long-term issuance of the month by Arrendamás, ARRENCB 21, for up to MXN 700 million is expected**
- **Pemex informed that Fitch Ratings will stop providing the rating services as of March 4, 2021. It's worth noting that Fitch had a 'BB- (Stable)' rating, while Moody's and S&P Ratings rate the issuer at 'Ba2 (Negative)' and 'BBB (Negative)', respectively**
- **Crediclub created preventive estimates for credit risks for MXN 45 million after generating MXN 79.1 million in operating income in 4Q20. Crediclub is a participant in the short-term corporate bond market ; however, after the maturity of its last bonds in October, it currently has no outstanding issuances**

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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, 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
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<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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