

Financial Markets Daily

March 4, 2021

Main drivers for the financial markets today...

- **Negative stock markets, USD up, while government bond yields are mixed amid a highly volatile bond market environment, given concerns about an inflationary spiral, particularly in the US - boosted by more fiscal stimulus- that could trigger a sooner than expected FOMC rate hike**
- **Attention today is on Powell's speech at a Wall Street Journal webinar at 12.05pm (ET), where markets expect more action and less communication with the chance to see the announcement of an "operation twist". Likewise, there is special interest in the OPEC+ meeting, where an increase in production is expected**
- **The US Senate enters today the final stage of the process to approve the new fiscal stimulus package, while the vote is expected until the weekend**
- **In Brazil, the Senate approved a new round of support to address the economic impact of COVID-19. This plan revives the direct transfers that were made to families last year, and includes compensatory fiscal measures, which seek to make clear that the country is committed to fiscal stability, amid fears in the markets that this isn't so**
- **Regarding economic figures, in the US, jobless claims will be released for the week that ended on February 27. Consensus estimates them at 750k, above the previous 730k**
- **In the Eurozone, the January's unemployment rate was published, remaining at 8.1%. In addition, retail sales for the first month of the year were announced, falling 5.9% m/m after growing 1.8% m/m previously**

Gabriel Casillas
Chief Economist, Head of Research and IRO
gabriel.casillas@banorte.com

Alejandro Padilla
Executive Director of Economic Research and Financial Markets Strategy
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Director of Economic Research
juan.alderete.macal@banorte.com

Manuel Jiménez
Director of Market Strategy
manuel.jimenez@banorte.com



www.banorte.com



@ analisis_fundam

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Unemployment rate* - Jan	%	--	8.3	8.3
5:00	Retail sales* - Jan	% m/m	--	-1.3	2.0
United States					
8:30	Initial jobless claims* - Feb 27	thousands	--	793	730
10:00	Factory orders* - Jan	% m/m	--	1.3	1.1
10:00	Ex transportation*-Jan	% m/m	--	--	1.4
10:00	Durable goods orders* - Feb (F)	% m/m	--	--	1.4
10:00	Ex transportation* - Feb (F)	% m/m	--	--	1.4
10:00	Fed Chair Powell Discusses the U.S. 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.
Equity indices		
S&P 500 Futures	3,809.75	-0.2%
Euro Stoxx 50	3,701.06	-0.3%
Nikkei 225	28,930.11	-2.1%
Shanghai Composite	3,503.49	-2.1%
Currencies		
USD/MXN	20.81	-0.6%
EUR/USD	1.20	-0.3%
DX	91.19	0.3%
Commodities		
WTI	61.50	0.4%
Brent	64.19	0.2%
Gold	1,718.98	0.5%
Copper	400.65	-3.5%
Sovereign bonds		
10-year Treasury	1.46	-2pb

Source: Bloomberg
Document for distribution among public

Equities

- **Negative variations in stock markets.** Investors continue to migrate from the technology sector to stocks likely to benefit from the recovery, amid concerns about bond yields, all the while awaiting Jerome Powell's comments in which he is expected to reaffirm actions to maintain loose financial conditions and economic stimulus. Thus, US futures anticipate a negative opening, with the S&P500 trading -0.2% below its theoretical value
- **Meanwhile, in Asia, the session ended in red, with the Nikkei and the Hang Seng leading the losses, with a drop of 2.1% each. Europe, meanwhile, showed declines, with the Eurostoxx down 0.4% due to technology (-2.0%) and communications stocks (-1.3%)**
- **In Mexico, the Mexbol could fall below 46,300 points, following its international peers' sentiment**

Sovereign fixed income, currencies and commodities

- **Positive bias in sovereign bonds reversing some of yesterday's pressures.** European assets appreciated up to 3bps, while Treasuries recorded adjustments of up to -4bps concentrated in long-term securities. Yesterday, the Mbonos yield curve closed with pressures of 7bps on average, the 10-year tenor closed at 6.11% (+6bps)
- **USD positive (DXY +0.2%) recording gains against most developed currencies where CHF leads the losses (-0.5%). In the EM group the balance is mixed, KRW depreciates 0.5% while MXN is the second strongest by appreciating 0.6% to 20.80 per dollar**
- **Crude oil prices with few changes, investors are awaiting OPEC+ decision on production levels. In metals, gold falls marginally to 1,714 US\$/oz t and in industrials the balance is negative, copper declines 4.5%**

Corporate Debt

- **Fitch Ratings reviewed Hipotecaria Su Casita's mortgage backed securities ratings.** For the BRHSCCB 07-2 and BRHCCB 07-2 / 07-3 bonds, Fitch does not observe any significant impact; while in the BRHSCCB 06U / 06-2U / 06-3U / 06-4U show a clear exposure to the crisis volatility and the impact on the issuances is reflected in the deterioration of collection and overcollateral
- **HR Ratings ratified TENIXCB 14U (Autopista Tenango - Ixtapan de la Sal FF) rating in 'HR AAA (E)' with a stable outlook.** The ratification is based on the issuance's ability to withstand reductions in traffic and not fall into default
- **Fitch will maintain PEMEX International Ratings and Analytical Coverage.** The agency will base their ratings on the availability and continuity of sufficient information

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,270.09	-0.4%
S&P 500	3,819.72	-1.3%
Nasdaq	12,997.75	-2.7%
IPC	46,377.47	1.5%
Ibovespa	111,184.00	-0.3%
Euro Stoxx 50	3,712.78	0.1%
FTSE 100	6,675.47	0.9%
CAC 40	5,830.06	0.3%
DAX	14,080.03	0.3%
Nikkei 225	29,559.10	0.5%
Hang Seng	29,880.42	2.7%
Shanghai Composite	3,576.91	1.9%
<i>Sovereign bonds</i>		
2-year Treasuries	0.14	2pb
10-year Treasuries	1.48	9pb
28-day Cetes	4.06	0pb
28-day TIE	4.28	0pb
2-year Mbono	4.28	6pb
10-year Mbono	6.12	4pb
<i>Currencies</i>		
USD/MXN	20.95	1.6%
EUR/USD	1.21	-0.2%
GBP/USD	1.40	0.0%
DXY	90.95	0.2%
<i>Commodities</i>		
WTI	61.28	2.6%
Brent	64.07	2.2%
Mexican mix	59.24	2.2%
Gold	1,711.23	-1.6%
Copper	414.20	-1.9%

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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Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
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Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Senior Strategist, Equity	valentin.mendoza@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x 2755
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Tania Abdul Massih Jacobo	Director of Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domíquez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454