

Financial Markets Daily

March 10, 2021

Main drivers for the financial markets today...

- **Stock markets with small changes and a positive bias, with the USD stable and government yields higher awaiting inflation in the US, the 10-year US Treasury note auction (with special attention on demand), and the approval of the fiscal package**
- **Reports from a group of hackers mentioned that they gained access to the services of Verkada, company that provides video security footage to businesses like Tesla and Cloudflare, but also to hospitals, jails, and schools. In total they accessed 150,000 video feeds**
- **In the US we expect the approval of the US\$1.9 trillion stimulus package by the House of Representatives, after which it could be signed by Joe Biden today. In this sense, Treasury Secretary, Janet Yellen, mentioned that they are ready to disburse resources as soon as tomorrow**
- **On vaccines, Pfizer and BioNTech announced that they might have the capacity to produce up to 3 billion dosis next year in case a booster shot is needed to fight COVID-19. We should remember that total production expected for this year is 2 billion. On the virus, after having reached lows in daily contagions worldwide, trends show an acceleration, which could be linked to the reopening of some activities in several countries**
- **On economic data, in the US we highlight February's inflation, expecting a 0.4% m/m increase, taking the annual comparison to 1.7%. The core would be more modest at 0.2% m/m (1.4% y/y). In China, these figures were also published, with the annual print for headline inflation remaining in negative territory at -0.2% (previous: -0.3%)**
- **Lastly, in Mexico attention will be on the release of ANTAD sales, with attention on the departmental component given reopening of stores in the second half of the month, and wage negotiations for February**

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The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|----------------------|--------------------------------|-------|---------|--------|----------|
| <i>United States</i> | | | | | |
| 8:30 | Consumer prices* - Feb | % m/m | 0.4 | 0.4 | 0.3 |
| 8:30 | Ex. food & energy* - Feb | % m/m | 0.2 | 0.2 | 0.0 |
| 8:30 | Consumer prices* - Feb | % y/y | 1.7 | 1.7 | 1.4 |
| 8:30 | Ex. food & energy* - Feb | % y/y | 1.4 | 1.4 | 1.4 |
| <i>Mexico</i> | | | | | |
| | ANTAD's same-store sales - Feb | % y/y | -- | -- | -8.2 |
| | Wage negotiations - Feb | % y/y | -- | -- | 3.8 |

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 | 3,872.50 | 0.1% |
| Euro Stoxx 50 | 3,804.48 | 0.5% |
| Nikkei 225 | 29,036.56 | 0.0% |
| Shanghai Composite | 3,357.74 | 0.0% |
| <i>Currencies</i> | | |
| USD/MXN | 21.19 | 0.0% |
| EUR/USD | 1.19 | -0.1% |
| DX | 92.03 | 0.1% |
| <i>Commodities</i> | | |
| WTI | 64.48 | 0.7% |
| Brent | 67.78 | 0.4% |
| Gold | 1,712.76 | -0.2% |
| Copper | 402.15 | 0.3% |
| <i>Sovereign bonds</i> | | |
| 10-year Treasury | 1.56 | 3pb |

Source: Bloomberg

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Equities

- **Equity markets with few changes, while rotation towards cyclical stocks resumes as the expectation of economic recovery gains strength due to the imminent approval of the new fiscal stimulus package in Washington and progress in the vaccination process. Meanwhile, investors remain attentive to the inflation data and Treasury yields**
- **In the US, futures anticipate a flat opening, with the S&P500 trading at +0.1%, while the Nasdaq falls 0.1% after previous session's strong rebound in technology shares. In Europe, the Stoxx 600 is up 0.2%, with Real Estate rising 1.2% and Telecoms retreating 0.5%**
- **In Asia, markets closed mixed, where the Hang Seng advanced 0.5% and the Shanghai Comp fell 0.1%**

Sovereign fixed income, currencies and commodities

- **The pressure bias prevails in global rates, moderating relative to previous sessions in Europe as it experiences adjustments of +1bp, while US Treasuries print up to +4bps in the long-end after a breather yesterday. The Mbonos' curve flattened yesterday with a 2-4bps sell-off in short-term maturities, while the long-end rallied 3bps, on average**
- **USD stable with a slight positive bias and mainly against G10 currencies, where CHF and JPY lead losses (-0.3%) while EM currencies' balances is mixed with TRY being the strongest (+0.5%) and USD/MXN trading fairly unchanged at 21.19**
- **Crude oil reverses initial losses ahead of the weekly inventory report from the EIA with the API estimating a stock build, with oil also sensible to the USD performance. In metals, price action is mixed with copper positive and precious failing, although the latter under relatively narrow losses**

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| <i>Equity indices</i> | | |
| Dow Jones | 31,832.74 | 0.1% |
| S&P 500 | 3,875.44 | 1.4% |
| Nasdaq | 13,073.82 | 3.7% |
| IPC | 47,103.60 | 0.1% |
| Ibovespa | 111,330.60 | 0.7% |
| Euro Stoxx 50 | 3,786.05 | 0.6% |
| FTSE 100 | 6,730.34 | 0.2% |
| CAC 40 | 5,924.97 | 0.4% |
| DAX | 14,437.94 | 0.4% |
| Nikkei 225 | 29,027.94 | 1.0% |
| Hang Seng | 28,773.23 | 0.8% |
| Shanghai Composite | 3,359.29 | -1.8% |
| <i>Sovereign bonds</i> | | |
| 2-year Treasuries | 0.16 | 0pb |
| 10-year Treasuries | 1.53 | -6pb |
| 28-day Cetes | 4.05 | -4pb |
| 28-day TIIE | 4.28 | 0pb |
| 2-year Mbono | 4.42 | 2pb |
| 10-year Mbono | 6.26 | -1pb |
| <i>Currencies</i> | | |
| USD/MXN | 21.19 | -1.4% |
| EUR/USD | 1.19 | 0.5% |
| GBP/USD | 1.39 | 0.5% |
| DX | 91.96 | -0.4% |
| <i>Commodities</i> | | |
| WTI | 64.01 | -1.6% |
| Brent | 67.52 | -1.1% |
| Mexican mix | 62.66 | -1.6% |
| Gold | 1,716.10 | 1.9% |
| Copper | 400.85 | -2.1% |

Source: Bloomberg

Corporate Debt

- **PCR Verum kept unchanged its 'AA-/M' and '1'/M' ratings on Corporación Actinver, following the company's announcement of a strategic reorganization that will include the spin-off of its international assets corresponding to Actinver Holdings and its subsidiaries**
- **Fitch Ratings affirmed the TFOVIE 12U issue rating at 'BBB+(sf)' and 'AAA(mex)vra' with a Stable outlook. In Fitch's opinion, the containment measures taken in Mexico to curb the spread of the coronavirus have not been significant for Fovissste's loans**
- **Moody's assigned 'Aaa.mx' and 'Aa1' ratings to IDB Invest's gender social bonds, BIDINV 1-21G, for up to MXN 2.5 billion with a 3-year term**

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, 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 Thalía 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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|-------------|--|
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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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