

Financial Markets Daily

March 12, 2021

Main drivers for the financial markets today...

- **Stock markets with little changes and negative bias, slightly positive USD while government bond yields are up, as inflationary concerns returned after yesterday's Joe Biden speech setting the 4th of July as a potential deadline to return to normality**
- **Regarding economic figures, in the US, February's producer prices and March's University of Michigan's consumer sentiment will be released, with special attention on the behavior of inflation expectations. Markets will be attentive to Joe Biden's speech at 1:00 pm**
- **In the Eurozone, January's industrial production report was published, with an advance of 0.8% m/m, higher than expected and after a contraction the previous month of 0.1%. On the other hand, in Brazil, January's retail sales were released, posting a 0.2% m/m decline, below expectations, but well above the contraction of 6.2% m/m reported in the month previous. With these results, the annual variation was -0.3%.**
- **In Mexico, Bank's Association Annual Meetings continue. Regarding economic figures, January's industrial production was published showing a 4.9% y/y contraction. In monthly terms it stood at +0.2% with a decline in manufacturing (-0.5%), being offset by an expansion in construction (+ 1.5%) and mining (+ 0.2%). Later, jobs affiliated to IMSS as of February will be announced**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
2:00	GER Consumer prices - Feb (F)	% y/y	--	1.3	1.3
2:00	UK Industrial production* - Jan	% m/m	--	-0.6	0.2
5:00	EZ Industrial production* - Jan	% m/m	--	0.3	-1.6
<i>Mexico</i>					
7:00	Industrial production - Jan	% y/y	-4.9	--	-2.1
7:00	Industrial production* - Jan	% m/m	0.3	--	0.1
7:00	Manufacturing output - Jan	% y/y	-3.4	0.8	2.5
13:00	Job creation of workers affiliated to IMSS - Feb	thousands	--	--	47.9
<i>Brazil</i>					
7:00	Retail sales - Jan	% y/y	--	-0.1	1.2
7:00	Retail sales* - Jan	% m/m	--	-0.2	-6.1
<i>United States</i>					
8:30	Producer prices* - Feb	% m/m	--	0.4	1.3
8:30	Ex. food & energy* - Feb	% m/m	--	0.2	1.2
10:00	U. of Michigan confidence* - Mar (P)	index	78.5	78.0	76.8

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	3,919.75	-0.2%
Euro Stoxx 50	3,827.89	-0.5%
Nikkei 225	29,717.83	1.7%
Shanghai Composite	3,453.08	0.5%
<i>Currencies</i>		
USD/MXN	20.82	1.0%
EUR/USD	1.19	-0.4%
DX	91.82	0.4%
<i>Commodities</i>		
WTI	65.99	0.0%
Brent	69.57	-0.1%
Gold	1,702.84	-1.1%
Copper	411.05	-0.8%
<i>Sovereign bonds</i>		
10-year Treasury	1.59	6bp

Source: Bloomberg

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Equities

- The week concludes with negative bias in the stock markets as investors are cautious after yesterday's optimism which drove the Dow Jones and S&P500 to hit new record highs -following Joe Biden's signing of the new fiscal stimulus- and due to the return of concerns about a possible inflationary outbreak that could lead to raising interest rates in the US earlier than expected
- In Asia, equity markets closed mixed. In Europe stocks drop, the Eurostoxx declines 0.5%. Shares from technology, consumer discretionary, and real estate sectors superhead losses, while those from financial and communication services companies show the largest positive variations. Meanwhile, in the US the futures of main stock indices point to a negative opening, decreasing 0.7% on average, with the Nasdaq falling by more than 1.5%
- In Mexico, the Mexbol may stand below 47,400 points

Sovereign fixed income, currencies and commodities

- Weekly close with renewed pressures in global rates, depicting an adjustment of +4bps in European securities, while the US Treasuries' curve steepens with a sell-off of up to +6bps in long term securities. Locally, Mbonos rallied yesterday 4bps, on average
- The USD strengthens supported by the rates' performance and risk appetite moderation, resulting in a negative balance for G10 currencies where SEK underperforms (-0.7%). In EM bias is also negative where TRY stands as the weakest (-1.5%), followed by the MXN depreciating 1.2% to 20.85 per dollar, although heading for a 2% weekly breather
- Few variations in crude oil prices depicting a modestly negative performance, impacted by the surge in the USD, although still backed by a context of supply cuts and optimism in demand recovery. Metals trade mostly negative excluding copper

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,485.59	0.6%
S&P 500	3,939.34	1.0%
Nasdaq	13,398.67	2.5%
IPC	47,673.82	0.3%
Ibovespa	114,983.80	2.0%
Euro Stoxx 50	3,845.64	0.7%
FTSE 100	6,736.96	0.2%
CAC 40	6,033.76	0.7%
DAX	14,569.39	0.2%
Nikkei 225	29,211.64	0.6%
Hang Seng	29,385.61	1.7%
Shanghai Composite	3,436.83	2.4%
<i>Sovereign bonds</i>		
2-year Treasuries	0.14	-1pb
10-year Treasuries	1.54	2pb
28-day Cetes	4.04	-1pb
28-day TIIE	4.28	0pb
2-year Mbono	4.40	-4pb
10-year Mbono	6.25	-1pb
<i>Currencies</i>		
USD/MXN	20.61	-1.4%
EUR/USD	1.20	0.5%
GBP/USD	1.40	0.4%
DXY	91.42	-0.4%
<i>Commodities</i>		
WTI	66.02	2.5%
Brent	69.63	2.5%
Mexican mix	64.48	2.6%
Gold	1,722.60	-0.2%
Copper	413.90	2.6%

Source: Bloomberg

Corporate Debt

- Notice of partial early redemption of Dalton Efectivo Seguro's ABS, DESCB 18, on March 22 for an amount of MXN 34.29 million
- Moody's assigned ratings of 'Baa1' on a global scale and 'Aaa.mx' on a national scale for Grupo Aeroportuario del Centro Norte and its proposed issuances OMA 21V / 21-2. The outlook on all ratings is Negative
- Fitch Ratings assigned a 'AAA(mex)' rating to four sustainable issuances proposed by Banobras to be auctioned next week for a target amount of MXN 7.5 billion. The ratings reflect the Mexican Federal Government's ability and propensity to provide strong support, should the need arise

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