

Financial Markets Daily

March 16, 2021

Main drivers for the financial markets today...

- **Stock markets positive, with government bond yields and the USD stable on optimism about the economic recovery supported by positive data in Germany and compensating for concerns surrounding AstraZeneca's vaccine**
- **In news about the vaccine, several countries including Germany, France, and Italy suspended the use of the AstraZeneca shot on concerns over side effects. In this sense, in Europe, health ministers from the region will gather to discuss what are the next steps about this vaccine**
- **In China, President Xi Jinping warned that the government will go after tech 'platforms' that have amassed data and has substantial market power, this through targeted actions from the country's regulators**
- **In the US, after the approval of the US\$1.9 trillion stimulus package, attention is now set on an infrastructure law which will require Republican support given that it involves spending in several years. Nevertheless, adjustments in taxes are also expected to pay for these projects**
- **On economic data, in the US February's retail sales declined steeply at -3.0% m/m, impacted by cold weather as well as with payback from last month's surge. Later we will have industrial production for the same month, expected at +0.5% m/m. In Germany, the ZEW expectations index in March improved to 76.6pts, with the current situation component also higher at -61.0%**
- **On the monetary policy front, the ECB's Chief Economist, Phillip Lane, mentioned that there is room to reduce the deposit rate further if conditions warrant it, arguing that he still does not see the need to implement actions to influence long-term rates**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
6:00	ZEW Survey (expectations) - Mar	index	--	74.0	71.2
<i>United States</i>					
8:30	Advance retail sales* - Feb	% m/m	-0.5	-0.7	5.3
8:30	Ex autos & gas* - Feb	% m/m	--	-1.3	6.1
8:30	Control Group* - Feb	% m/m	-0.7	-1.2	6.0
9:15	Industrial production* - Feb	% m/m	0.5	0.4	0.9
9:15	Manufacturing production* - Feb	% m/m	0.4	0.2	1.0
<i>Mexico</i>					
13:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-y Mbono (Mar'26) and 10-y Udibono (Nov'28)				

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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,963.00	0.1%
Euro Stoxx 50	3,845.08	0.4%
Nikkei 225	29,921.09	0.5%
Shanghai Composite	3,446.73	0.8%
<i>Currencies</i>		
USD/MXN	20.62	-0.2%
EUR/USD	1.19	0.0%
DX	91.81	0.0%
<i>Commodities</i>		
WTI	64.20	-1.8%
Brent	67.43	-2.1%
Gold	1,734.49	0.2%
Copper	407.10	-1.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.59	-2pb

Source: Bloomberg

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Equities

- **Positive movements in equity markets where investor optimism prevails regarding the global economic recovery, despite concerns about the suspension of AstraZeneca vaccine in some European countries**
- **In Asia most markets closed positive. In Europe stocks advance, the Euro Stoxx adds 0.4%. Shares from industrial, real state and technology sectors lead gains. In turn, in the US the futures of main indices are mixed and little changed (+0.2% on average), after the Dow Jones and S&P 500 hit new record highs yesterday**
- **In Mexico operations will resume after yesterday's holiday and the Mexbol may stand around the 48,000 pts**

Sovereign fixed income, currencies and commodities

- **Modest gains in global sovereign bonds with European rates registering movements of -1bp while the US Treasury's curve trades with a stronger performance in long-term tenors ahead of the Fed's decision tomorrow. Last week the Mbonos curve registered pressures of 5bps, on average**
- **USD stable with a slight negative bias with developed currencies marking positive dynamics leaded by SEK (+0.3%), while GBP is the weakest today (-0.3%). In EM, TRY rallies 0.9%, while the MXN gains 0.2% to 20.62 per dollar, extending a gain yesterday of 0.2%**
- **Crude oil falls for the third session with some profit taking to recent gains associated with recovery expectations and production cuts, with this week integrating the agenda IEA's monthly report. Metals space mixed with industrials mostly negative while in precious gold trades slightly positive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,953.46	0.5%
S&P 500	3,968.94	0.6%
Nasdaq	13,459.71	1.0%
IPC	47,769.87	0.0%
Ibovespa	114,850.70	0.6%
Euro Stoxx 50	3,829.84	-0.1%
FTSE 100	6,749.70	-0.2%
CAC 40	6,035.97	-0.2%
DAX	14,461.42	-0.3%
Nikkei 225	29,766.97	0.2%
Hang Seng	28,833.76	0.3%
Shanghai Composite	3,419.95	-1.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.61	-2pb
28-day Cetes	4.04	0pb
28-day TIIE	4.28	0pb
2-year Mbono	4.47	0pb
10-year Mbono	6.39	0pb
<i>Currencies</i>		
USD/MXN	20.65	-0.2%
EUR/USD	1.19	-0.2%
GBP/USD	1.39	-0.2%
DXY	91.83	0.2%
<i>Commodities</i>		
WTI	65.39	-0.3%
Brent	68.88	-0.5%
Mexican mix	64.27	0.0%
Gold	1,731.67	0.3%
Copper	414.05	0.0%

Source: Bloomberg

Corporate Debt

- **Fitch Ratings placed the ratings of issuances PASACB 11 / 11U / 12 and PSBCB 12U on Negative Watch following the government's announcement of its intention to review and renegotiate the terms of the Service Provision Agreements that constitute the source of payment of the issuances**
- **Fitch Ratings downgraded TV Azteca Long-Term Issuer Default Ratings (IDRs) to 'RD' from 'C'. The downgrade follows TV Azteca's failure to meet the company's US\$16.5 million senior unsecured notes coupon payment after the 30-day cure period**
- **PCR Verum affirmed Financiera Atlas's ABS ATLASCB 19 rating at 'AAA/M (e)' with a Stable outlook following the intended modification to extend the revolving period by an additional 12 months**

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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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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