

Financial Markets Daily

March 23, 2021

Main drivers for the financial markets today...

- **Stock markets with small changes and a negative bias, with the USD strengthening, and government bond yields falling amid concerns about the global economic recovery due to a rise in COVID-19 cases and lockdown plans in several countries**
- **Attention in the US will center on the joint testimony of Treasury Secretary, Janet Yellen, and Fed Chairman, Jerome Powell before the Financial Services Committee of the House of Representatives. Yellen is expected to focus on arguing for the recently approved fiscal stimulus, but also starting to push for Biden's infrastructure plan. Meanwhile, Powell will probably maintain a dovish tone, similar to the one seen in last week's FOMC meeting, reaffirming that the reference rate will remain low for a prolonged period of time**
- **Moreover, we have an extensive agenda of Fed speakers, highlighting Brainard, Williams, Bullard, Bostic, and Barkin throughout the day. In other releases we will be looking into new home sales data. Meanwhile, in the UK, January's unemployment rate surprised positively by falling to 5.0% from 5.1%**
- **In news over the virus, US regulatory agencies showed some concerns about results from AstraZeneca's vaccine, arguing that it contains outdated data, which will probably delay its authorization in said country. Moreover, in Europe signs of a new wave are gathering steam, with Germany and other countries imposing new lockdown measures**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>UK</i>					
3:00	Unemployment rate* - Jan	%	--	5.2	5.1
<i>United States</i>					
9:00	Fed's Bullard Discusses Economy at LSE Event				
10:00	New home sales** - Feb	thousands	--	875	923
10:10	Fed's Bostic Discusses Economic Inclusivity				
11:00	Fed's Barkin Speaks takes part in virtual discussion				
12:30	Powell, Yellen Appear Before House Panel on CARES Act				
13:30	Fed's Brainard Gives Speech on Climate Change				
14:45	Fed's Williams Takes Part in Virtual Discussion				
15:45	Fed's Williams Takes Part in Virtual Discussion				
<i>Mexico</i>					
11:00	International reserves Mar 19	US\$bn	--	--	195.0
13:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 20-year Mbono (Nov'38); 30-year Udibono (Nov'50) and 1, 3, and 5-year Bondes D				

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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,921.50	-0.2%
Euro Stoxx 50	3,832.75	0.0%
Nikkei 225	28,995.92	-0.6%
Shanghai Composite	3,411.51	-0.9%
<i>Currencies</i>		
USD/MXN	20.69	0.5%
EUR/USD	1.19	-0.5%
DX-Y	92.14	0.4%
<i>Commodities</i>		
WTI	59.15	-3.9%
Brent	61.88	-4.2%
Gold	1,733.53	-0.3%
Copper	409.35	-1.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.65	-4pb

Source: Bloomberg

Document for distribution among public

Equities

- **Equity markets with small changes and negative bias caused by concerns about the global economic recovery due to the increase in coronavirus cases, plans for tighter restrictions in Germany, and unfavorable news regarding the AstraZeneca vaccine. Investors will be focus on the testimony of Jerome Powell, Federal Reserve Chairman, and Janet Yellen, Treasury Secretary, before Congress**
- **In Asia the markets closed negative. In Europe most stocks drop, the Euro Stoxx decreases 0.1%. Shares from energy and consumer discretionary sectors superhead losses, while those from real state and communication services lead gains. In turn, the US the futures of main indices point to a slightly lower open by falling 0.2% on average**
- **In Mexico, the Mexbol may stand below the 47,200pts**

Sovereign fixed income, currencies and commodities

- **Positive performance in global bonds under a risk-off mode, with European rates gaining ~3bps while US Treasuries rally 5bps in long-term tenors. Yesterday the Mbonos curve sold-off 1-2bps in short-term maturities, while the rest gained 3bps, on average**
- **The USD strengthens trading with gains in all of the G10 currencies except for the JPY, while EM balance is also negative with TRY and RUB leading the losses (-1.5%). The MXN losses 0.5% to 20.69 scoring its fourth negative session**
- **Crude oil falls more than 4% trading below 60 \$/bbl in the WTI and with Brent's prompt spreads returning to contango amid new concerns on demand recovery and also with the dollar strengthening weighing. Metals trade mostly down**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,731.20	0.3%
S&P 500	3,940.59	0.7%
Nasdaq	13,377.54	1.2%
IPC	47,225.45	0.4%
Ibovespa	114,978.90	-1.1%
Euro Stoxx 50	3,833.84	-0.1%
FTSE 100	6,726.10	0.3%
CAC 40	5,968.48	-0.5%
DAX	14,657.21	0.2%
Nikkei 225	29,174.15	-2.1%
Hang Seng	28,885.34	-0.4%
Shanghai Composite	3,443.44	1.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.69	-3pb
28-day Cetes	4.07	0pb
28-day TIE	4.28	0pb
2-year Mbono	4.65	4pb
10-year Mbono	6.67	-4pb
<i>Currencies</i>		
USD/MXN	20.58	0.3%
EUR/USD	1.19	0.2%
GBP/USD	1.39	-0.1%
DX	91.74	-0.2%
<i>Commodities</i>		
WTI	61.55	0.2%
Brent	64.62	0.1%
Mexican mix	59.70	0.3%
Gold	1,739.03	-0.4%
Copper	413.95	0.6%

Source: Bloomberg

Corporate Debt

- **Today, INVEX Controladora is expected to auction an unsecured note (INVEX 21) for an amount of up to MXN 2.0 billion with a 3-year term. The bond is rated at 'mxA-' by S&P Global Ratings and 'A+(mex)' by Fitch Ratings**
- **FIBRA HD announced Fibra Plus' intention to acquire up to 100% of FIBRA HD's certificates through a mandatory public tender offer for change of control**
- **Notice of total early redemption for Unifin Financiera's ABS, UNFINCB 16 / 16-2, on March 29th for an amount of MXN 704 million**

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