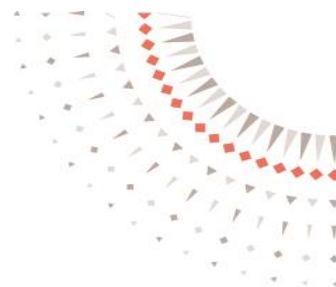


# Financial Markets Daily



April 7, 2021

## Main drivers for the financial markets today...

- Stock markets with small changes, government bond yields lower and the USD stable, digesting the expectations of higher growth -albeit at a different pace among countries- presented by the IMF within the framework of the Spring Meetings with the World Bank
- In the US, Biden will give a speech to promote his \$2.3billion infrastructure plan, focusing on Republican voters. Although he will not need the support from this party to approve it, he must be cautious in not to lose some of the more moderate members within the Democratic party
- In news on the virus, the US will bring forward the date in which all adults can begin to get vaccinated to April 19th, this in a context in which there are signs of an acceleration in cases in some states
- Regarding monetary policy, attention will be on Fed minutes. In them we will be looking into possible hawkish comments and the discussion over recent market dynamics, especially on long-term rates. In addition, we will have speeches from Evans, Kaplan, Barkin and Daly in the day
- On the economic front, services PMIs in the Eurozone were revised slightly up relative to the preliminary print, showing better than expected dynamism in March. On data in the US we will be looking into February's trade balance and consumer credit
- In Mexico, investment in January rose 3.3% m/m, driven by machinery and equipment. In annual terms it fell 10.6%. Meanwhile, consumption improved 1.0% m/m on strength from imported goods. Nevertheless, the annual comparison remains negative at -7.1%

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Mexico</b>					
7:00	Gross fixed investment - Jan	% y/y	-13.5	--	-11.5
7:00	Gross fixed investment* - Jan	% m/m	1.6	--	-2.1
7:00	Private consumption - Jan		--	--	-5.3
7:00	Private consumption* - Jan		--	--	-0.5
<b>United States</b>					
8:30	Trade balance* - Feb	US\$bn	--	-69.9	-68.2
9:00	Fed's Evans Discusses Economic Outlook				
14:00	FOMC Meeting Minutes				
14:00	Consumer credit* - Feb	US\$bn	--	5.0	-1.3

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.
<b>Equity indices</b>		
S&P 500 Futures	4,065.50	0.0%
Euro Stoxx 50	3,960.40	-0.3%
Nikkei 225	29,730.79	0.1%
Shanghai Composite	3,479.63	-0.1%
<b>Currencies</b>		
USD/MXN	20.18	0.1%
EUR/USD	1.19	0.1%
DX	92.20	-0.1%
<b>Commodities</b>		
WTI	59.81	0.8%
Brent	63.31	0.9%
Gold	1,734.03	-0.5%
Copper	407.70	-1.0%
<b>Sovereign bonds</b>		
10-year Treasury	1.66	0pb

Source: Bloomberg

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## Equities

- Stock markets mixed and little changed, after profit-taking in the main US indices in the previous session. Investors remain attentive to the FED minutes later today, while they assimilate the IMF's growth expectation upgrade to 6% for the global economy, considering a prompt end to the health crisis, while still acknowledging important challenges in the vaccination process
- In the US, futures anticipate a flat opening, with those of the S&P500 trading with no clear trend. For its part, the Stoxx 600 in Europe is slightly down 0.2%, with the technology and healthcare sectors experiencing the greatest weakness
- In Asia, markets closed mixed, where the Shanghai Comp lost 0.1% and the Nikkei advanced by the same measure

## Sovereign fixed income, currencies and commodities

- Positive performance in global sovereign bonds under narrow ranges, with gains of 3bps in Asia/Pacific securities and of 2bps in European tenors, while US Treasuries gain 1bp. Yesterday the Mbonos' curve rallied 11bps, on average, with the mid-end being the most benefited
- The USD trades stable resulting in a mixed performance in developed and emerging markets, with the first group integrating a stronger performance in European securities, while for the latter INR and RUB lead gains. USD/MXN trades fairly unchanged with respect to yesterday's close at 20.17
- Modest gains in crude oil futures with the market waiting for the US weekly inventory report from the IEA with API data yesterday forecasting a crude stock decline but rise in gasoline holdings. Base and precious metals trade mostly negative

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	33,430.24	-0.3%
S&P 500	4,073.94	-0.1%
Nasdaq	13,698.38	-0.1%
IPC	47,985.43	-0.5%
Ibovespa	117,498.90	0.0%
Euro Stoxx 50	3,970.42	0.6%
FTSE 100	6,823.55	1.3%
CAC 40	6,131.34	0.5%
DAX	15,212.68	0.7%
Nikkei 225	29,696.63	-1.3%
Hang Seng	28,938.74	0.0%
Shanghai Composite	3,482.97	0.0%
<b>Sovereign bonds</b>		
2-year Treasuries	0.16	-1pb
10-year Treasuries	1.66	-4pb
28-day Cetes	4.07	-7pb
28-day TIE	4.29	0pb
2-year Mbono	4.85	-6pb
10-year Mbono	6.70	-11pb
<b>Currencies</b>		
USD/MXN	20.16	-0.9%
EUR/USD	1.19	0.5%
GBP/USD	1.38	-0.5%
DXY	92.34	-0.3%
<b>Commodities</b>		
WTI	59.33	1.2%
Brent	62.74	0.9%
Mexican mix	57.09	0.8%
Gold	1,743.27	0.9%
Copper	411.65	-0.5%

Source: Bloomberg

## Corporate Debt

- Moody's affirmed VW Bank and VW Leasing's long-term global and local scale ratings at 'A3' and 'Aaa.mx', respectively. The ratings outlook was changed to Stable from Negative
- The rating action follows a similar action carried out by Moody's on Volkswagen Financial Services AG ('A3', Stable) which, in turn, follows an outlook change on Volkswagen AG's ratings
- The outlook change reflects Moody's expectation of a continued recovery in global light vehicle sales which Moody's expects to lead to an annual increase in global light vehicle sales of 7% in 2021 and 6% in 2022, despite short-term challenges in the first half of 2021, such as the delayed vaccination process in many countries and the shortage in semiconductor supply

### 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
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
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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