

Financial Markets Daily

April 8, 2021

Main drivers for the financial markets today...

- **Positive stock markets, while the dollar and the government bond yields are down, as markets digest a "calm message" left by the FOMC meeting minutes -released yesterday-, showing full consistency with low for long rates and monetary stimulus in place, even if certain inflationary pressures arise**
- **Today's attention will be on Jerome Powell's intervention in the framework of the IMF and World Bank meetings, in a panel on the global economy together with the leader of the organization Kristalina Georgieva**
- **As for Fed speakers, James Bullard from St. Louis will participate in a virtual event, while Kashkari will talk in a conference of the Economic Club of New York**
- **The ECB's last meeting minutes were published, in which it was clear that there was broad agreement among the central bank members to accelerate the pace of asset purchases under the PEPP in the short term, while there were no questions about the program's size**
- **As for economic figures, in the US the focus will be on the release of jobless claims, which are expected at 680k in the week that ended on April 3, confirming the recovery of the labor**
- **In Mexico, INEGI published March's inflation, advancing 0.83% m/m in line with expectations. The core raised 0.54% m/m. With these results, annual inflation increased to 4.67% from 3.76% the previous month, with the core at 4.12% (previously 3.87%)**
- **Later, all eyes will be on the release of Banxico's last meeting minutes. It is on our take that investors attention will center on comments about the outlook for prices, given significant changes in this front**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Consumer prices - Mar	%m/m	0.83	0.83	0.63
7:00	Core - Mar	%m/m	0.53	0.53	0.39
7:00	Consumer prices - Mar	%y/y	4.67	4.67	3.76
10:00	Banxico's minutes				
<i>United States</i>					
8:30	Initial jobless claims* - Apr 3	thousands	--	--	--
<i>Perú</i>					
18:00	Monetary policy decision (BCRP)	%	--	--	0.25
<i>China</i>					
21:30	Consumer prices - Mar	% y/y	--	--	-0.2

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	3,912.62	0.0%
Euro Stoxx 50	3,967.63	0.3%
Nikkei 225	29,708.98	-0.1%
Shanghai Composite	3,482.56	0.1%
<i>Currencies</i>		
USD/MXN	20.16	-0.2%
EUR/USD	1.19	0.1%
DX	92.28	-0.2%
<i>Commodities</i>		
WTI	59.46	-0.5%
Brent	63.01	-0.2%
Gold	1,750.69	0.7%
Copper	408.35	0.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.65	-3pb

Source: Bloomberg

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Equities

- **This Thursday, we observe mostly positive movements in stock markets. Investors assimilate Fed minutes, which indicate that the economic support plan would continue for a longer time in order to see more recovery before reducing its asset purchase program**
- **Futures in the US anticipate a positive opening, with the S&P500 up 0.3%. Europe shows upward variations, with the EuroStoxx rising 0.2%. While Asia concluded in the same direction**
- **On the corporate front, yesterday Volaris released that March passenger traffic fell 1.2% y/y, but showed a solid sequential advance of 35.6% m/m due to a better demand performance. Asur, on the other hand, has already registered a turning point in passenger traffic, with an 11.3% y/y increase. It also announced that the revision of investments and tariffs for 2021-2023 has been approved, both being slightly higher than anticipated**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds, with European assets registering gains of 1bp while the US Treasury curve appreciated 2bps from the mid-end. Yesterday the Mbonos yield curve closed with gains of 13bps on average, accumulating a 23bps rally for the week. The 10-year benchmark closed at 6.52% (-15bps)**
- **The dollar traded with few changes resulting in a mixed performance in both developed and emerging currencies. In developed currencies the JPY appreciated 0.3%, while in EM the RUB depreciated 0.3%. The USD/MXN trades at 20.18 per dollar, equivalent to an appreciation of 0.1%**
- **Crude oil prices fall 0.5% on a rise in gasoline inventories due to an increase in refining ahead of the summer season. In metals, gold trades at 1,748 US\$/oz t (+0.3%) and in industrials the balance is positive**

Corporate Debt

- **CI Bank (Common Rep.) Informed that the interest or principal payment in AEROMEX 01119 issuance will not be made since the Hold Agreement is active; the amount of accrued interest was MXN 782,444**
- **Fitch Ratings affirmed Banco Azteca's rating at 'A + (mex)'; the outlook is Negative. According to the agency, the Negative outlook considers that the bank's financial profile will continue to be pressured due to the adverse operating environment in Mexico due to the prolonged crisis derived from the coronavirus**
- **Fitch Ratings downgraded Punto Casa de Bolsa's rating to 'A- (mex)' from 'A (mex)' and revised the outlook to Stable from Negative, derived from an similar action carried out to its holding company in the last instance, Grupo Elektra**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,446.26	0.0%
S&P 500	4,079.95	0.1%
Nasdaq	13,688.84	-0.1%
IPC	47,897.84	-0.2%
Ibovespa	117,623.60	0.1%
Euro Stoxx 50	3,956.77	-0.3%
FTSE 100	6,885.32	0.9%
CAC 40	6,130.66	0.0%
DAX	15,176.36	-0.2%
Nikkei 225	29,730.79	0.1%
Hang Seng	28,674.80	-0.9%
Shanghai Composite	3,479.63	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.67	2pb
28-day Cetes	4.07	0pb
28-day TIIE	4.29	0pb
2-year Mbono	4.78	-7pb
10-year Mbono	6.53	-17pb
<i>Currencies</i>		
USD/MXN	20.21	0.2%
EUR/USD	1.19	-0.1%
GBP/USD	1.37	-0.6%
DXY	92.46	0.1%
<i>Commodities</i>		
WTI	59.77	0.7%
Brent	63.16	0.7%
Mexican mix	57.40	0.5%
Gold	1,737.72	-0.3%
Copper	405.45	-1.5%

Source: Bloomberg

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia Maria Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldivar, 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 Thalia Orozco Vélez, Gerardo Daniel Valle Trujillo, Eridani Ruibal Ortega, and Juan Barbier Arizmendi 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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