

Financial Markets Daily

April 9, 2021

Main drivers for the financial markets today...

- **Stock markets with small changes, with the USD and government bond yields up, as investors continue weighing the global economic recovery –which remains uneven– while vaccination progress is still a risk, against inflation concerns – especially after higher than expected CPI and PPI in China– and despite Powell’s cautious stance in this regard**
- **Specifically, March’s producer prices in China rebounded 4.4% y/y after increasing 1.7% the previous month. This is the strongest pickup since July 2018, pushed higher by pressures in oil, copper and agricultural goods**
- **The recent US proposal of a global minimum corporate tax of 21% is building increasing momentum in other countries. Representatives of the negotiations, led by the OECD, said this week that they can see an agreement by mid-summer**
- **Some ECB members have stepped up the pressure for the region’s joint fiscal stimulus package to be implemented without delay. Several of them warned that the recovery is at risk after the initiative has faced important setbacks**
- **In Mexico, February’s industrial production surprised significantly to the upside as it picked up 0.4% m/m despite disruptions due to bad weather conditions. Although manufacturing (-2.1%) and utilities (-3.8%) contracted, good results were seen in construction (2.5%) and mining (2.3%)**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
2:00	Industrial production* - Feb	% m/m	--	--	-2.5
2:00	Trade balance - Feb	EURbn	--	--	--
<i>Mexico</i>					
7:00	Industrial production - Feb	% y/y	-6.1	--	-4.9
7:00	Industrial production* - Feb	% m/m	-0.5	--	0.2
7:00	Manufacturing output - Feb	% y/y	-3.9	--	-3.4
	Wage negotiations - Mar	% y/y	--	--	4.3
<i>Brazil</i>					
8:00	Consumer prices - Mar	% m/m	--	--	0.86
8:00	Consumer prices - Mar	% y/y	--	--	5.20
<i>United States</i>					
8:30	Producer prices* - Mar	% m/m	--	0.5	0.5
8:30	Ex. food & energy* - Mar	% m/m	--	0.2	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	4,097.00	0.2%
Euro Stoxx 50	3,987.18	0.2%
Nikkei 225	29,768.06	0.2%
Shanghai Composite	3,450.68	-0.9%
<i>Currencies</i>		
USD/MXN	20.15	0.2%
EUR/USD	1.19	-0.2%
DX	92.23	0.2%
<i>Commodities</i>		
WTI	59.61	0.0%
Brent	63.10	-0.2%
Gold	1,747.09	-0.5%
Copper	407.80	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	1.67	5pb

Source: Bloomberg

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Equities

- **We conclude the week with mixed movements in stock markets, as investors keep cautious among risks of higher inflation and economic recovery, which has been uneven**
- **Futures in the US without a clear trend, with the S&P500 trading 0.2% above its theoretical value, and after reaching again new all-time highs. Attention will gradually be focused on corporate earnings season which is expected to start next week**
- **In Asia we observed mixed closures, standing out drops in China after higher than expected inflation data, while Europe trades with modest changes. In Mexico, the Mexbol Index may be consolidating around 48,000pts**

Sovereign fixed income, currencies and commodities

- **Widespread pressures in rates from sovereign bonds observing closes of +2bps in Asia/Pacific while European securities loose 4bps, on average, and the US Treasuries' curve steepens with adjustments of as much as 4bps in the long end. Yesterday Mbonos rallied 6bps, on average**
- **The USD strengthens amid the rate pick-up, although under modest magnitudes against developed currencies with NOK underperforming (-0.5%), while balance in EM pairs is also negative where the USD/MXN depreciates 0.2% to 20.14 per dollar, after gaining 0.6% yesterday**
- **Crude oil trades slightly negative and trading range bound with the market assimilating the demand recovery process under higher supply conditions amid the beginning of the production increase from OPEC+. Most metals fall with greater pressures on silver**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,503.57	0.2%
S&P 500	4,097.17	0.4%
Nasdaq	13,829.31	1.0%
IPC	48,188.15	0.6%
Ibovespa	118,313.20	0.6%
Euro Stoxx 50	3,977.83	0.5%
FTSE 100	6,942.22	0.8%
CAC 40	6,165.72	0.6%
DAX	15,202.68	0.2%
Nikkei 225	29,708.98	-0.1%
Hang Seng	29,008.07	1.2%
Shanghai Composite	3,482.56	0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.62	-5pb
28-day Cetes	4.10	3pb
28-day TIE	4.29	0pb
2-year Mbono	4.78	-1pb
10-year Mbono	6.47	-6pb
<i>Currencies</i>		
USD/MXN	20.10	-0.5%
EUR/USD	1.19	0.4%
GBP/USD	1.37	0.0%
DXY	92.06	-0.4%
<i>Commodities</i>		
WTI	59.60	-0.3%
Brent	63.20	0.1%
Mexican mix	57.39	0.0%
Gold	1,755.84	1.0%
Copper	409.45	1.0%

Source: Bloomberg

Corporate Debt

- **Notice of early partial amortization in ABCCB 18 (ABS of AB&C Leasing) for next April 19 for MXN 49.03 million**
- **Fitch Ratings affirmed Grupo Vasconia's long- and short-term national scale ratings at 'A- (mex)' and 'F2 (mex)', respectively. According to the agency, Grupo Vasconia's outlook remained Negative, reflecting the company's narrow liquidity position since, at the end of December 2020, the classified short-term debt represented approximately 55% of the total debt**
- **HR Ratings assigned the rating of 'HR1' to the Circulating Portion of the Dual Program for up to MXN 1 billion from Xignux**

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 Thalia 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>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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