

Financial Markets Daily

April 12, 2021

Main drivers for the financial markets today...

- Stock markets lower, with profit taking after the S&P500 reached recently historical highs, USD mixed, and government bond yields lower ahead of: (1) Earnings season, with doubts of a divergent recovery and likely effect of Archegos Capital on financials; (2) Treasury auctions; and (3) COVID-19 dynamics
- Moreover, the chairman of the Fed, Jerome Powell, was optimistic yesterday in an interview that the US is at an “inflection point”, with higher growth and employment gains ahead due to higher vaccinations and policy support, albeit with the pandemic still as the main risk
- Market focus this week will remain in vaccinations and more lockdowns as COVID-19 cases are rising in certain regions. Moreover, a plethora of comments by central bankers, including from Fed members –highlighting Powell–, along Lagarde and other Executive members of the ECB
- Moreover, monetary policy decisions in New Zealand, Korea and Turkey, among others, apart from the Beige Book. In related data, we will heed March inflation in the US and the Eurozone, as investors remain concerned about building price pressures
- The data agenda globally includes trade balance and industrial production in the Eurozone and China, also with retail sales, investment and 1Q21 GDP in the latter. We also highlight the ZEW survey in Germany, retail sales and unemployment rate in Brazil
- Plenty of information in the US, such as retail sales, industrial production, housing starts and building permits (Mar); Empire and Philly Fed indices, and U. of Michigan consumer confidence (Apr). In Mexico, we will only know employment affiliated to IMSS and ANTAD's sales (Mar)

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Retail sales* - Feb	% m/m	--	1.7	-5.9
Mexico					
13:00	Job creation of workers affiliated to IMSS - Mar	thousands	--	--	115.3
	ANTAD's same-store sales - Mar	% y/y	--	--	-1.5
China					
22:00	Trade balance - Mar	USDbn	--	51.2	78.2
22:00	Exports - Mar	% y/y	--	38.0	18.1
22:00	Imports - Mar	% y/y	--	24.6	6.5

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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Document for distribution among public

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,114.50	-0.1%
Euro Stoxx 50	3,976.27	-0.1%
Nikkei 225	29,538.73	-0.8%
Shanghai Composite	3,412.95	-1.1%
Currencies		
USD/MXN	20.12	-0.2%
EUR/USD	1.19	0.1%
DX	92.06	-0.1%
Commodities		
WTI	60.12	1.3%
Brent	63.84	1.4%
Gold	1,744.00	0.0%
Copper	402.55	-0.4%
Sovereign bonds		
10-year Treasury	1.66	0pb

Source: Bloomberg

Equities

- In the prelude to the 1Q21 earnings season's kick-off in the US on Wednesday with the results from several companies within the financial sector, investors show concerns regarding an uneven recovery. That said, stock markets are seeing a profit taking after last week's record highs
- In this context, US futures are set for a negative opening, with those of the S&P500 trading 0.1% below fair value. Meanwhile, in Europe, the Stoxx is down in the same magnitude, with retail and traveling shares leading the drops in said benchmark
- In Asia the session ended red. The Nikkei dropped 0.8% vs a 1.1% fall in the Shanghai Composite, pressured mainly by commodities and transporting stocks

Sovereign fixed income, currencies and commodities

- Mixed balance in global rates, with European assets registering gains of 1bp, while US Treasuries print moderate pressures. In local terms, the Mbonos' curve closed last week with a 19bps rally, on average, with the 10-year benchmark closing at 6.57% (-24bps)
- USD trades negative (BBDXY -0.2%) amid a favorable balance in G10 except for SEK. In EM, bias is mixed with HUF leading gains (+0.5%), while MXN trades slightly below its 100-day moving average at 20.13 per dollar (+0.2%), after an 0.8% weekly appreciation
- Oil-crude prints gains of more than 1.0% supported by optimism about the recovery of demand. Market is focused on the OPEC and IEA monthly reports this week. In metals, gold trades very close its 50-day moving average at 1,743 \$/oz t and industrials register a negative balance

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,800.60	0.9%
S&P 500	4,128.80	0.8%
Nasdaq	13,900.19	0.5%
IPC	47,627.67	-1.2%
Ibovespa	117,669.90	-0.5%
Euro Stoxx 50	3,978.84	0.0%
FTSE 100	6,915.75	-0.4%
CAC 40	6,169.41	0.1%
DAX	15,234.16	0.2%
Nikkei 225	29,768.06	0.2%
Hang Seng	28,698.80	-1.1%
Shanghai Composite	3,450.68	-0.9%
Sovereign bonds		
2-year Treasuries	0.15	1pb
10-year Treasuries	1.66	4pb
28-day Cetes	4.10	0pb
28-day TIE	4.29	0pb
2-year Mbono	4.81	4pb
10-year Mbono	6.57	10pb
Currencies		
USD/MXN	20.16	0.3%
EUR/USD	1.19	-0.1%
GBP/USD	1.37	-0.2%
DXY	92.16	0.1%
Commodities		
WTI	59.32	-0.5%
Brent	62.95	-0.4%
Mexican mix	57.13	-0.5%
Gold	1,743.88	-0.7%
Copper	404.00	-1.3%

Source: Bloomberg

Corporate Debt

- This week, the ELEKTRA 21 / 21-2U / 21-3 (Grupo Elektra) issuances are expected for an amount of MXN 7.5 billion with terms of 1.6, 5 and 7 years and will be pegged to TIE 28, Udis and fixed rate, respectively. The bond ratings will be 'HR AA +' / 'AA/M' by HR Ratings and PCR Verum
- Notice of early total amortization of Senior Bonds CEDEVIS 08-8U in April 20th, 2020 for an amount of MXN 400.33 million. The issuance is rated at 'AAA' in local scale by S&P and Fitch
- Notice of total early amortization of the FIRMACB 19 issue (Firma Car ABS) on April 16 for MXN 24.26 million. There will not be premium payments in favor of Holders

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