

Financial Markets Daily

April 14, 2021

Main drivers for the financial markets today...

- **Stock markets higher, with the USD slightly down and government bond yields up as markets expect US banks to report solid reports today. Moreover, many market participants are finding hard to justify big short bond positions, particularly after yesterday's CPI in said country, which was just slightly above market expectations**
- **Investors will be focused today on several Fed speakers, highlighting Jerome Powell's comments at the Economic Club of Washington, as well as a speech by the ECB's Lagarde. The Beige Book will be released in the US, while later today we will know the monetary policy decision in Korea**
- **February's industrial production in the Eurozone fell 1.0% m/m, reversing the 0.8% advance of the previous month, albeit higher than consensus. Weakness was concentrated in the auto sector, probably reflecting supply chain issues for this industry worldwide**
- **Francois Villeroy, an ECB Governing Council member, said that the institution could end the pandemic emergency purchase programme (PEPP) by March 2022, while adapting other monetary policy measures to keep supporting the economy**
- **On the other hand, the president of Brazil's central bank said that they are closely monitoring if the rise in commodity prices will keep affecting core inflation and expectations for 2022, in a more complicated backdrop for the country that has resulted on the need of upward adjustments to its reference rate**

Gabriel Casillas
Chief Economist, Head of Research
and IRO
gabriel.casillas@banorte.com

Alejandro Padilla
Executive Director of Economic
Research and Financial Markets Strategy
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Director of Economic Research
juan.alderete.mactal@banorte.com

Manuel Jiménez
Director of Market Strategy
manuel.jimenez@banorte.com



www.banorte.com



@ analisis_fundam

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Industrial production* - Feb	% m/m	--	-1.2	0.8
<i>United States</i>					
12:00	Powell Speaks to the Economic Club of Washington				
14:00	Beige Book				
14:30	Fed's Williams Takes Part in a Moderated Discussion				
15:00	Fed's Clarida Discusses Policy Framework				
16:00	Fed's Bostic Discusses Cities and Systemic Racism				
<i>South Korea</i>					
	Monetary policy decision (C. bank of S. Korea)	%	--	0.50	0.50

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

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,138.00	0.1%
Euro Stoxx 50	3,980.95	0.4%
Nikkei 225	29,620.99	-0.4%
Shanghai Composite	3,416.72	0.6%
<i>Currencies</i>		
USD/MXN	20.13	0.2%
EUR/USD	1.20	0.1%
DX	91.79	-0.1%
<i>Commodities</i>		
WTI	61.23	1.7%
Brent	64.79	1.8%
Gold	1,744.16	-0.1%
Copper	408.25	1.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.63	1pb

Source: Bloomberg

Document for distribution among public

Equities

- **Stock markets positive, as investors remain attentive to the beginning of the US reporting season, starting with financial sector companies. Today, results are expected from Goldman Sachs and JPMorgan, both of which have reported above estimates, as well as Wells Fargo later in the day**
- **In the US, futures anticipate a positive opening with the S&P500 trading at +0.1%. In Europe, the Stoxx 600 rises 0.2%. Asia closed mixed, where the Shanghai Comp rose 0.6% and the Nikkei fell 0.4%**
- **In Mexico, yesterday Grupo Televisa announced the merger of its Content business with Univision, which will result in the leading Spanish-language media company globally, boosting the value of this business and allowing for an accelerated digital transformation and the incursion into Spanish-language streaming**

Sovereign fixed income, currencies and commodities

- **Mixed balance in global rates, with European assets registering gains of 1bp, while US Treasuries print moderate pressures of 1bp. In local terms, the Mbonos' curve closed yesterday with a 2bps sell-off, on average, with the 10-year benchmark closing at 6.68% (+2bps)**
- **USD trades slightly negative (BBDXY -0.1%) amid a favorable balance in G10 except for CAD and CHF. In EM, bias is positive with KRW leading gains (+0.8%), while MXN trades below its 100-day moving average at 20.13 per dollar (-0.2%) after a 0.3% appreciation yesterday**
- **Oil-crude prints gains of 1.5% supported by IEA's optimism in demand recovery following strong oil consumption in US, China and Japan this year. Market is focus today on the EIA report on US inventories at 10:30am. In metals, coppers prints a 2.0% rally, while precious trade stable**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,677.27	-0.2%
S&P 500	4,141.59	0.3%
Nasdaq	13,996.10	1.1%
IPC	47,503.71	0.3%
Ibovespa	119,297.10	0.4%
Euro Stoxx 50	3,966.99	0.1%
FTSE 100	6,890.49	0.0%
CAC 40	6,184.10	0.4%
DAX	15,234.36	0.1%
Nikkei 225	29,751.61	0.7%
Hang Seng	28,497.25	0.2%
Shanghai Composite	3,396.47	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.16	-1pb
10-year Treasuries	1.61	-5pb
28-day Cetes	4.07	-2pb
28-day TIE	4.29	0pb
2-year Mbono	4.88	2pb
10-year Mbono	6.70	4pb
<i>Currencies</i>		
USD/MXN	20.09	-0.3%
EUR/USD	1.19	0.3%
GBP/USD	1.38	0.1%
DXY	91.85	-0.3%
<i>Commodities</i>		
WTI	60.18	0.8%
Brent	63.67	0.6%
Mexican mix	57.90	0.8%
Gold	1,745.51	0.7%
Copper	403.15	0.3%

Source: Bloomberg

Corporate Debt

- **HR Ratings affirmed Fibra HD and its unsecured notes FIBRAHD 19 / 19U's ratings at 'HR AA' and changed the Negative Outlook to Under Review, because the agency needs to assess the impact from the acquisition offer from Fibra Plus once the final terms are revealed**
- **HR Ratings affirmed Mexarrend's long-term rating at 'HR A' changing the outlook to Negative from Stable, and its short-term ratings at 'HR2'. The Negative outlook follows the possible decline in one of their main client's credit quality, whose operation was affected during the health crisis**
- **Mexarrend announced that its shareholders finalized the payment of the capital increase for US\$10 million agreed in the Shareholders Meeting on December 30, 2020**

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María 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 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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	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>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.

Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
-------------------------	-----------------------------	----------------------------	------------------

Fixed Income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Senior Strategist, Equity	valentin.mendoza@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x 2755
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faes@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454