

Financial Markets Daily

April 16, 2021

Main drivers for the financial markets today...

- **Stock markets up –trading at historical highs–, USD slightly lower and government bond yields with small changes as investors digest China's recovery depicted in economic reports released last night and wait for today's earnings results, particularly those from Morgan Stanley**
- **Investors will also pay attention to housing data and University of Michigan consumer confidence in the US, in tandem with comments from Fed members**
- **Specifically, the Chinese economy grew 18.3% y/y in 1Q21, with a strong performance in consumption. It should be recalled that this figure is skewed to the upside because of the pandemic's effect in 2020, with the strongest economic impact concentrated in said quarter**
- **According to Mexico's Deputy Health Minister, Hugo López-Gatell, more than 500k doses of the vaccine were administered yesterday for a second day in a row, accelerating significantly in recent weeks**
- **Regarding COVID-19, the European Union probably will not renew current vaccine contracts with AstraZeneca and Johnson & Johnson due to reported of some blood clot cases and rising concerns of the population about safety. This situation is likely to delay the advance of vaccination campaigns in the region, which has already been relatively slow**
- **In the Eurozone, February's trade balance showed a high surplus of €17.7 billion, accelerating relative to the previous month. On the other hand, the final inflation figure for March remained at 1.3% y/y, still significantly below the ECB's target**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
4:00	Trade balance* - Feb	EURbn	--	22.0	24.2
5:00	Consumer prices - Mar (F)	% y/y	--	--	1.3
5:00	Core - Mar (F)	% y/y	--	--	0.9
<i>Brazil</i>					
7:00	Unemployment rate - Feb	%	--	14.1	14.2
<i>United States</i>					
8:30	Housing starts** - Mar	thousands	--	1,615	1,421
8:30	Building permits** - Mar	thousands	--	1,745	1,720
10:00	U. of Michigan confidence* - Apr (P)	index	90.0	89.0	84.9

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	4,167.50	0.1%
Euro Stoxx 50	4,010.13	0.4%
Nikkei 225	29,683.37	0.1%
Shanghai Composite	3,426.62	0.8%
<i>Currencies</i>		
USD/MXN	19.95	0.1%
EUR/USD	1.20	0.2%
DX	91.53	-0.2%
<i>Commodities</i>		
WTI	63.47	0.0%
Brent	66.99	0.1%
Gold	1,776.71	0.7%
Copper	423.15	0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.56	-1pb

Source: Bloomberg

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Equities

- We conclude the week with positive momentum and record highs in global stock markets, as investors continue digesting positive data that continues enhancing economic recovery, and corporate earnings surpassing expectations
- Futures in the US anticipate a slightly positive opening, with the S&P500 trading 0.1% above its theoretical value, and after reaching yesterday another all-time high
- Attention continues in corporate earnings' season, today with 6 companies of the S&P500 releasing its results, standing out Morgan Stanley and Bank of New York Mellon. The season's kick-off has been positive, and although only 7.2% of the companies have reported, earnings rise is 99.7% vs 23.8%e. The positive surprise rate stands at 77.8%

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign global bonds, observing European securities pressure by 1bp, while the US Treasuries' curve extends yesterday's flattening registering a 2bps gain focused in longer-term tenors. Yesterday Mbonos rallied ~11bps
- Mixed performance in G10 and EM currencies resulting in a slightly weaker USD, with the second group adding losses of as much as of 1% in ZAR, although a stronger performance in Asian crosses. The Mexican peso depreciates 0.1% to 19.95 per dollar, after rallying 0.7% yesterday
- Few variations in crude oil prices although heading for its best weekly performance since the beginning of March amid stronger global demand expectations which have been joined by robust growth data in China. Mostly positive performance in the metals' space

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,035.99	0.9%
S&P 500	4,170.42	1.1%
Nasdaq	14,038.76	1.3%
IPC	48,514.11	0.4%
Ibovespa	120,700.70	0.3%
Euro Stoxx 50	3,993.43	0.4%
FTSE 100	6,983.50	0.6%
CAC 40	6,234.14	0.4%
DAX	15,255.33	0.3%
Nikkei 225	29,642.69	0.1%
Hang Seng	28,793.14	-0.4%
Shanghai Composite	3,398.99	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.16	0pb
10-year Treasuries	1.58	-6pb
28-day Cetes	4.07	1pb
28-day TIE	4.28	0pb
2-year Mbono	4.78	-6pb
10-year Mbono	6.51	-13pb
<i>Currencies</i>		
USD/MXN	19.94	-0.7%
EUR/USD	1.20	-0.1%
GBP/USD	1.38	0.1%
DX	91.67	0.0%
<i>Commodities</i>		
WTI	63.46	0.5%
Brent	66.94	0.5%
Mexican mix	61.12	0.8%
Gold	1,763.95	1.6%
Copper	421.85	2.2%

Source: Bloomberg

Corporate Debt

- Fitch Ratings affirmed the local scale long- and short-term ratings for Crediclub at 'A-(mex)' and 'F2(mex)' and changed the outlook to Stable from Negative, because of Fitch's assessment that downward risks in the rating horizon for Crediclub have reduced respecting the start of the coronavirus crisis
- Fitch Ratings downgraded the local scale long- and short-term ratings for CAME to 'A-(mex)' from 'A(mex)' and to 'F2(mex)' from 'F1(mex)' reflecting the effect from the operative environment and the consistent decline in asset quality and leverage ratios
- S&P Global Ratings confirmed Bladex' global and local scale ratings at 'BBB' and 'mxAAA' and revised the outlook to Stable from Negative, reflecting its expectation that Bladex will resist the economic impact caused by the pandemic with strong asset quality ratios

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.

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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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