

# Financial Markets Daily

## Main drivers for the financial markets today...

- **Stock markets mixed, with Asia/Europe higher and the USD down amid expectations of strong earnings results and that central bankers will try to strengthen the view that they will not hike rates before what they have said. However, S&P500 futures and government bond yields are lower amid concerns about a third wave of COVID-19**
- **Market focus this week will remain on the corporate earnings season for 1Q21 in the US, while also starting in Mexico. Moreover, vaccination campaigns are closely watched, given: (1) The rise of new cases in some regions; (2) virus' mutations, which are purportedly more contagious; and (3) recent negative news about the vaccines of AstraZeneca and J&J, which could slow progress on the pace of inoculations**
- **In central banks, we highlight decisions by the ECB –no changes expected–, Canada, Indonesia, Israel and Russia, among others. Moreover, China will announce the 1- and 5-year prime loan rates, currently at 3.85% and 4.65%, respectively**
- **The data agenda globally includes final PMI indicators for April in various regions. We also highlight consumer confidence in the Eurozone, economic activity in Brazil, and unemployment rate and inflation in the UK. Few information in the US, only with housing sales and jobless claims**
- **In Mexico, INEGI published the Timely Indicator of Economic Activity for March, standing at -2.1% y/y (seasonally adjusted data). For February, the estimate was revised higher, to -3.9% from -4.0% in the preliminary figure, boosted by industry. In coming days, we estimate inflation in the 1st half of April at -0.02% 2w/2w. With this, the annual rate would climb to 5.97%. Other publications include the unemployment rate (Mar), retail sales (Feb) and the banking sector expectations survey**

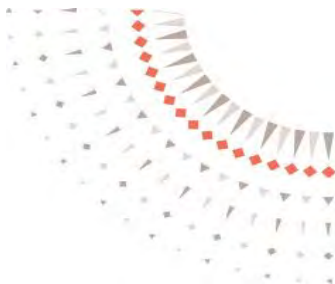
## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
4:00	Current account* - Feb	EURbn	--	--	30.5
<i>Mexico</i>					
7:00	Timely Indicator of Economic Activity* - Mar	% y/y	--	--	-4.0
<i>Brazil</i>					
8:00	Economic activity - Feb	% y/y	--	-0.4	-0.5
8:00	Economic activity* - Feb	% m/m	--	0.9	1.0
<i>China</i>					
21:30	Rate decision 1-year Loan Prime Rate	%	--	3.85	3.85
21:30	Rate decision 5-year Loan Prime Rate	%	--	4.65	4.65

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

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Gabriel Casillas  
IRO and Chief Economist  
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.macal@banorte.com

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



www.banorte.com



@ analisis\_fundam

### A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,165.50	-0.3%
Euro Stoxx 50	4,036.09	0.1%
Nikkei 225	29,685.37	0.0%
Shanghai Composite	3,477.55	1.5%
<i>Currencies</i>		
USD/MXN	19.86	-0.3%
EUR/USD	1.20	0.4%
DXY	91.12	-0.5%
<i>Commodities</i>		
WTI	62.93	-0.3%
Brent	66.57	-0.3%
Gold	1,781.76	0.3%
Copper	426.30	2.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.58	0pb

Source: Bloomberg

### Equities

- **Mixed start of the week for global equity markets, as investors' focus has shift entirely towards the 1Q21 earnings season**
- **In this context, US futures are set for a profit taking after last week's record highs, with those of the S&P500 trading 0.3% below their fairvalue, on the back of concerns for a possible third wave of contagions. Meanwhile, the Euro Stoxx is little changed, gaining 0.1%. In Asia the Nikkei remained fairly flat, while the Shanghai Composite jumped 1.5%**
- **On the corporate side, 6 companies of the S&P500 are scheduled for releasing its earnings today, being Coca-Cola, IBM, United Airlines & Prologis the most relevant names. As of now, only two out of these have already reported (all of them above expectations, including KO). In Mexico, the 1Q21 earnings season shall begin with Nemak's report, after market close**

### Sovereign fixed income, currencies and commodities

- **Mixed balance in global rates, with European assets registering a 2bps sell-off, while US Treasuries print moderate gains. In local terms, the Mbonos' curve closed last week with a 4bps rally, on average, with the 10-year benchmark closing at 6.56% (-1bp)**
- **USD trades negative (BBDXY -0.3%) amid a favorable balance in G10 with NOK leading gains (+0.9%). In EM, bias is mixed with HUF as the strongest (+0.7%), while MXN trades at 19.86 per dollar (+0.3%) after a 1.2% weekly appreciation**
- **Brent adjusts -0.3% after a 6.1% weekly rally printing its best week since beginning of 2021 supported by optimism in demand recovery. In metals, copper prints gains of 2.3%, while precious trade positive with gold trading at 1,782 \$/oz t (+0.3%)**

### Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,200.67	0.5%
S&P 500	4,185.47	0.4%
Nasdaq	14,052.34	0.1%
IPC	48,726.98	0.4%
Ibovespa	121,113.90	0.3%
Euro Stoxx 50	4,032.99	1.0%
FTSE 100	7,019.53	0.5%
CAC 40	6,287.07	0.8%
DAX	15,459.75	1.3%
Nikkei 225	29,683.37	0.1%
Hang Seng	28,969.71	0.6%
Shanghai Composite	3,426.62	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.16	0pb
10-year Treasuries	1.58	0pb
28-day Cetes	4.07	0pb
28-day TIIE	4.28	0pb
2-year Mbono	4.79	0pb
10-year Mbono	6.57	5pb
<i>Currencies</i>		
USD/MXN	19.92	-0.1%
EUR/USD	1.20	0.1%
GBP/USD	1.38	0.3%
DXY	91.56	-0.1%
<i>Commodities</i>		
WTI	63.13	-0.5%
Brent	66.77	-0.3%
Mexican mix	61.03	-0.1%
Gold	1,776.51	0.7%
Copper	417.30	-1.2%

Source: Bloomberg

### Corporate Debt

- **HR Ratings revised upwards the ratings for Hospitales MAC and its unsecured note SALUD 20 to ‘HR AA-‘ from ‘HR A+’ with a Stable outlook, based on the Free Cash Flow growth observed during 2020**
- **S&P Global Ratings confirmed Toyota Financial Services México’s ratings at ‘mxAAA’ and ‘mxA-1+’ for resilience in their operative income. The outlook remained Stable**
- **HR Ratings affirmed the ratings for Active Leasing’s ABS ACTLECB 19 (ABS) at ‘HR AAA (E)’ with a Stable outlook. The agency considers that the structure remains in adequate levels**

### 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 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	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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Research and Strategy			
Gabriel Casillas Olvera	IRO and Chief Economist	gabriel.casilla@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
Victor 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			
Della 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 Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebaldos@banorte.com	(55) 5268 - 9996
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
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454