

Financial Markets Daily

April 21, 2021

Main drivers for the financial markets today...

- **Mixed stock markets, while government bond yields and the USD are up, with investors worried about rising COVID-19 infections and the potential negative impact on the global economic recovery, while the disappointing Netflix result incentives rotation between sectors. In the absence of economic data, markets will continue to focus on corporate results, the vaccination process and await Central Bank of Canada's monetary policy decision today and the ECB's decision tomorrow**
- **More than 925 million vaccines have been administered in 155 countries, at a rate of 15.9 million doses a day. In the US, 213 million have been given so far, at an average of 3.03 million doses per day. At this rate, it will take the country 3 months to vaccinate 75% of the population. In this context, the 27 wealthiest countries have 38.5% of vaccinations, but 11% of the world's population**
- **On the monetary policy front, the Central Bank of Canada is expected to pare back its asset purchases amid a stronger-than-expected economic recovery, and to send signals that it could raise the benchmark rate in 2022, which would contrast with current guidance pointing to no move before 2023. The announcement would be one of the first big steps in advanced economies to reduce monetary stimulus**
- **Regarding ECB's decision tomorrow, we do not expect changes in the monetary stance, but we will be attentive to Christine Lagarde's conference press, after her recent comments showed caution**
- **China's leader Xi Jinping will participate in a summit organized by President Joe Biden on climate change, in a context where it seems that there may be closeness between the two countries on this issue, despite the distance in other relevant matters**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
2:00	Consumer prices - Mar	% y/y	--	0.8	0.4
2:00	Core - Mar	% y/y	--	1.1	0.9
Mexico					
11:30	Extraordinary Cetes auction considering 182-, 294-, 350-, and 532-days securities				

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	4,126.00	0.0%
Euro Stoxx 50	3,968.01	0.7%
Nikkei 225	28,508.55	-2.0%
Shanghai Composite	3,472.93	0.0%
<i>Currencies</i>		
USD/MXN	19.90	-0.3%
EUR/USD	1.20	-0.2%
DXY	91.36	0.1%
<i>Commodities</i>		
WTI	61.77	-1.1%
Brent	65.71	-1.3%
Gold	1,783.77	0.3%
Copper	424.55	0.8%
<i>Sovereign bonds</i>		
10-year Treasury	1.57	1pb

Source: Bloomberg

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Equities

- **Stock markets mixed, as investors weigh mostly positive corporate results in the face of a rebound in the number of infections worldwide. Futures in the US anticipate a flat opening with the Nasdaq trading at -0.2%, where Netflix falls in the pre-market by 8.6% after reporting weak results. In Europe, the Stoxx 600 is up 0.6%. Asia closed negative, where the Nikkei lost 2.0%**
- **In Mexico, yesterday Alfa reported in line with our estimates, supported mainly by Alpek's outstanding quarter, with record volumes and higher margins in Polyester and PP. In turn, Axtel's figures were below expectations, due to greater weakness at Alestra. As for Gmxt's report, it was in line with estimates, with transported volumes returning to positive territory. Today Fiho and Fibrapl are due to report in Mexico, as well as Verizon, Nasdaq, and NextEra Energy in the US**

Sovereign fixed income, currencies and commodities

- **Moderate pressures in global rates, with European assets adjusting -1bp, while US Treasuries print a 2bps sell-off in the longest-end of the yield curve. In local terms, the Mbonos' curve closed yesterday with a 10bps sell-off, on average, with the 10-year benchmark closing at 6.70% (+10bps)**
- **USD trades slightly positive amid a negative balance in most of the G10 currencies under narrow ranges. In EM, bias is mixed with RUB as the strongest (+0.7%) followed by MXN which trades at 19.90 per dollar (+0.3%) after an 0.8% depreciation yesterday**
- **Crude-oil falls 1.0% amid concern that a resurgent virus will negatively impact recovery in demand. Investors will focus on the EIA report on US inventories at 10:30am after an increase in API data yesterday. Positive performance in industrial and precious metals**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,821.30	-0.8%
S&P 500	4,134.94	-0.7%
Nasdaq	13,786.27	-0.9%
IPC	48,528.97	0.9%
Ibovespa	120,062.00	-0.7%
Euro Stoxx 50	3,940.46	-2.0%
FTSE 100	6,859.87	-2.0%
CAC 40	6,165.11	-2.1%
DAX	15,129.51	-1.6%
Nikkei 225	29,100.38	-2.0%
Hang Seng	29,135.73	0.1%
Shanghai Composite	3,472.94	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	-1pb
10-year Treasuries	1.56	-5pb
28-day Cetes	4.06	-3pb
28-day TIIIE	4.28	0pb
2-year Mbono	4.82	3pb
10-year Mbono	6.71	10pb
<i>Currencies</i>		
USD/MXN	19.97	0.8%
EUR/USD	1.20	0.0%
GBP/USD	1.39	-0.4%
DX-Y	91.24	0.2%
<i>Commodities</i>		
WTI	62.44	-1.5%
Brent	66.57	-0.7%
Mexican mix	60.67	-0.9%
Gold	1,778.75	0.4%
Copper	422.10	-0.6%

Source: Bloomberg

Corporate Debt

- **Notice of early partial amortization in UNIRECB 19 (Unirenta's ABS) for next April 28 for MXN 172.84 million. The issue is rated 'mxAAA / HR AAA' by S&P Global Ratings and HR Ratings, respectively**
- **HR Ratings placed the 'HR AA + (E)' rating on the DOIXCB 15 / 15U issues (Desarrolladora y Operadora de Infraestructura de Oaxaca FF) under Review in Process. According to the agency, the Review is due to the possible modifications to be made on the terms and conditions of the Service Provision Agreement**
- **Fitch Ratings ratified Televisa's ratings at 'AAA (mex)' and 'BBB +' with a stable outlook after the announcement of the combination of its content segment with Univision**

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	<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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