

Financial Markets Daily

April 23, 2021

Main drivers for the financial markets today...

- **Mixed stock markets and government bond yields. S&P Futures rebounding from yesterday's losses and the USD down, as investors are cautious after Biden's proposal to increase capital gains tax and renewed concerns about the rebound in the number of COVID infections in the world**
- **Experts in the US will meet today to review the Johnson & Johnson vaccine and decide if it can be used again, after 10 days on hold, due to several cases of people with severe and rare blood clots**
- **Regarding economic figures, the PMI indicators for April in the Eurozone were better than expected, continuing with the trend observed the previous month. The manufacturing sector index stood at 63.3pts (previous 62.5pts), with the composite index standing at 53.7pts (previous 53.2pts)**
- **Russia's central bank raised the benchmark rate by 50bp, more than expected, and maintained a *hawkish* stance, after other monetary authorities in the world have begun to withdraw the stimulus as well, such as Canada's central bank**
- **In Mexico, INEGI published retail sales for February, rising 1.6% m/m. Inside, we highlight the increase in clothing and shoes (5.8%), as well as leisure and office (5.1%). In annual terms, sales were negative at -6.3%**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone ad UK</i>					
3:30	GER Manufacturing PMI (Markit)* - Apr (P)	index	--	65.8	66.6
3:30	GER Services PMI (Markit)* - Apr (P)	index	--	51.0	51.5
3:30	GER Composite PMI (Markit)* - Apr (P)	index	--	57.0	57.3
4:00	EZ Manufacturing PMI (Markit)* - Apr (P)	index	--	62.0	62.5
4:00	EZ Services PMI (Markit)* - Apr (P)	index	--	49.1	49.6
4:00	EZ Composite PMI (Markit)* - Apr (P)	index	--	52.9	53.2
4:30	UK Manufacturing PMI* - Apr (P)	index	--	59.0	58.9
4:30	UK Services PMI* - Apr (P)	index	--	58.7	56.3
<i>Mexico</i>					
7:00	Retail sales - Feb	% y/y	-5.8	-5.8	-7.6
7:00	Retail sales* - Feb	% m/m	2.2	0.8	0.1
<i>United States</i>					
9:45	Manufacturing PMI (Markit)* - Apr (P)	index	59.5	60.5	59.1
9:45	Services PMI (Markit)* - Apr (P)	index	--	61.7	60.4
9:45	Composite PMI (Markit)* - Apr (P)	index	--	--	59.7
10:00	New home sales** - Mar	thousands	--	888	775

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	4,135.50	0.2%
Euro Stoxx 50	3,998.93	-0.4%
Nikkei 225	29,020.63	-0.6%
Shanghai Composite	3,474.17	0.3%
<i>Currencies</i>		
USD/MXN	19.85	-0.4%
EUR/USD	1.21	0.4%
DX	91.01	-0.4%
<i>Commodities</i>		
WTI	61.69	0.4%
Brent	65.55	0.2%
Gold	1,790.72	0.4%
Copper	431.80	1.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.55	1pb

Source: Bloomberg

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Equities

- **Mixed movements in stock markets, with some corporate earnings also mixed, and with caution among investors after president's Biden proposal to lift capital-gains tax for wealthy. Futures in the US anticipate a positive opening, with S&P500 trading 0.2% above its theoretical value, rebounding from yesterday's losses**
- **In the US earnings seasons continues with a favorable balance. With ~23% of the reports released, the hike in earnings is 50.4% vs 23.8% and a positive surprise rate in 75.9%. Today we are awaiting 5 results, with American Express, Honeywell, Schlumberger and Kimberly-Clark standing out**
- **In Mexico we expect AC to release its figures before the market opening. Yesterday, Asur and Televisa reported in line with expectations, while Volar surprised positively**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds trade under narrow ranges, with rates from Asia/Pacific closing mostly on the positive side, while European securities trade mixed under a range of 1bp. The US Treasuries' curve steepens with pressures of up to 2bps in long-term tenors. Yesterday, Mbonos sold-off 6bps, on average**
- **Weak US dollar with all the G10 currency space strengthening with an also positive balance in EM currencies where RUB outperforms (+0.7%), followed by the MXN gaining 0.3% to 19.86 per dollar. The peso heads for its fourth positive week in a row**
- **Crude oil positive after a week of higher volatility amid some divergence in demand recovery expectations and ahead of OPEC+ meetings next week. Metals trade mostly positive with copper outperforming, while silver and gold also trade positive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,815.90	-0.9%
S&P 500	4,134.98	-0.9%
Nasdaq	13,818.41	-0.9%
IPC	49,092.31	0.5%
Ibovespa	119,371.50	-0.6%
Euro Stoxx 50	4,014.80	1.0%
FTSE 100	6,938.24	0.6%
CAC 40	6,267.28	0.9%
DAX	15,320.52	0.8%
Nikkei 225	29,188.17	2.4%
Hang Seng	28,755.34	0.5%
Shanghai Composite	3,465.11	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.54	-2pb
28-day Cetes	4.08	1pb
28-day TIE	4.28	0pb
2-year Mbono	4.92	7pb
10-year Mbono	6.79	6pb
<i>Currencies</i>		
USD/MXN	19.93	0.1%
EUR/USD	1.20	-0.2%
GBP/USD	1.38	-0.7%
DXY	91.33	0.2%
<i>Commodities</i>		
WTI	61.43	0.1%
Brent	65.40	0.1%
Mexican mix	59.28	-0.2%
Gold	1,783.94	-0.5%
Copper	427.95	-0.2%

Source: Bloomberg

Corporate Debt

- **Fitch Ratings downgraded Fibra Shop's rating to 'A + (mex)' from 'AA- (mex)'. The outlook remained Negative. According to the agency, the downgrade reflects the leverage that remains high and the expectation that it will be in a range between 5.0x and 6.0x**
- **Fitch Ratings downgraded Corporación Interamericana de Entretenimiento's rating to 'A (mex)' from 'AA- (mex)'. The outlook remained Negative. According to the agency, the downgrade reflects the expectation that the company's results and capital structure during 2021 will weaken further**
- **Fitch Ratings affirmed Banco Invex's ratings at 'AA- (mex)' and Invex Controladora at 'A + (mex)'; the outlook remained Negative**

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>
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