

# Financial Markets Daily

April 26, 2021

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

- **Stock markets mixed as govt bond yields increase and the USD trades lower on expectations of strong growth and good corporate earnings reports, while the Fed remains accommodative in this week's decision. Nevertheless, some cautiousness prevails given the rise of COVID-19 cases in some countries (highlighting India), along possible tax hikes in the US**
- **In Mexico, the monthly GDP-proxy (IGAE) for February was released, falling 0.3% m/m (-5.1% y/y). By sectors, industry increased 0.4% m/m, while both services and primary activities contracted by 0.3%**
- **Market focus this week will remain on the corporate earnings season both in the US and Mexico, Joe Biden's speech to Congress, and COVID-19 dynamics. Moreover, 1Q21 GDP in the US, Eurozone and Mexico, with our call for the latter at 0.3% q/q**
- **In central banks, we highlight decisions by the BoJ and the Fed –we expect no changes–, along Sweden and Colombia, among the most relevant. In this backdrop, we will also know April's inflation in Brazil and the Eurozone, along the PCE deflator in the US**
- **The data agenda globally also includes PMIs in China and unemployment rate in Brazil and the Eurozone. Confidence indicators in the latter and in the US, which will also release durable goods orders, trade balance and personal income/spending**
- **In Mexico, other data prints include the trade balance, banking credit and the public finance report, all of them for March**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
4:00	IFO Survey (business climate)* - Apr	index	--	98.0	96.6
<i>Mexico</i>					
7:00	Global economic activity indicator (IGAE) - Feb	% y/y	-4.3	-4.1	-5.4
7:00	Global economic activity indicator (IGAE)* - Feb	% m/m	0.0	--	0.1
<i>United States</i>					
8:30	Durable goods orders* - Mar (P)	% m/m	--	2.4	-1.2
8:30	Ex transportation* - Mar (P)	% m/m	--	1.6	-0.9
<i>Japan</i>					
	Monetary policy decision (BoJ)	%	--	-0.10	-0.10

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

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Document for distribution among public

## A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,167.75	-0.1%
Euro Stoxx 50	4,014.28	0.0%
Nikkei 225	29,126.23	0.4%
Shanghai Composite	3,441.17	-0.9%
<i>Currencies</i>		
USD/MXN	19.85	0.1%
EUR/USD	1.21	0.0%
DX	90.82	0.0%
<i>Commodities</i>		
WTI	61.18	-1.5%
Brent	65.04	-1.6%
Gold	1,777.32	0.0%
Copper	441.75	1.9%
<i>Sovereign bonds</i>		
10-year Treasury	1.59	3pb

Source: Bloomberg

## Equities

- **Mixed start of the week for global stock markets, as the recovery in government bond yields and raising contagions in several regions offset an earnings season that has surprised positively so far**
- **In this backdrop, after record highs touched last week, US futures are set for a profit taking as those of the S&P500 trade 0.1% below their fair value. Meanwhile, in Europe, the Stoxx swings from little losses to muted gains, as gains in the banking and travel sectors compensate losses in auto makers and technology shares. In Asia the session ended mixed. The Nikkei advanced 0.4% against a 0.9% drop in the Shanghai Composite**
- **On the corporate side, today in the US, earnings releases from Tesla, Alexandria Real Estate & SBA Communications stand out. In Mexico, we are expecting Sport World's (before the market opening) and Coca-Cola Femsa's (after market close)**

## Sovereign fixed income, currencies and commodities

- **Pressures in global rates, with European assets adjusting +2bps, while US Treasuries print a 3bps sell-off in the longest-end of the yield curve. In local terms, the Mbonos' curve closed last week with a 15bps sell-off, on average, with the 10-year benchmark closing at 6.73% (+17bps w/w)**
- **The USD trades slightly negative amid a mixed balance in the G10 currencies with AUD leading gains (+0.6%). In EM, bias is also mixed with TRY as the strongest (+1.2%), while MXN trades at 19.85 per dollar (-0.1%) after a 0.5% weekly appreciation**
- **Crude-oil falls 1.6% amid concerns that a resurgent virus in India will negatively impact the demand recovery. Investors will focus on the OPEC+ Monitoring Committee (JMMC) and Ministerial Meeting this week. Positive performance in industrial metals, while precious metals trade stable**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,043.49	0.7%
S&P 500	4,180.17	1.1%
Nasdaq	14,016.81	1.4%
IPC	49,091.09	0.0%
Ibovespa	120,530.10	1.0%
Euro Stoxx 50	4,013.34	0.0%
FTSE 100	6,938.56	0.0%
CAC 40	6,257.94	-0.1%
DAX	15,279.62	-0.3%
Nikkei 225	29,020.63	-0.6%
Hang Seng	29,078.75	1.1%
Shanghai Composite	3,474.17	0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	0.16	1pb
10-year Treasuries	1.56	2pb
28-day Cetes	4.07	-1pb
28-day TIE	4.28	0pb
2-year Mbono	4.92	-1pb
10-year Mbono	6.74	-5pb
<i>Currencies</i>		
USD/MXN	19.83	-0.5%
EUR/USD	1.21	0.7%
GBP/USD	1.39	0.3%
DX	90.86	-0.5%
<i>Commodities</i>		
WTI	62.14	1.2%
Brent	66.11	1.1%
Mexican mix	59.86	1.0%
Gold	1,777.20	-0.4%
Copper	434.10	1.4%

Source: Bloomberg

## Corporate Debt

- **For the last week of April, the auction of a Fibra Prologis bond for US\$ 140 million 13 year-term, fixed rate and rated 'AAA' by Fitch and HR Ratings is expected**
- **S&P Global Ratings downgraded ALPHACB 18 (Alpha Credit ABS) to 'mxBBB- (sf)' from 'mxAAA (sf)' and placed it on CreditWatch with negative implications. According to the agency, the downgrade follows similar actions on Alpha Holding's ('CCC') rating, following the announcement made on April 20, 2021 regarding errors in the company's accounting**
- **PCR Verum ratified Banco Actinver rating at 'AA / M' and Corporación Actinver & Arrendadora Actinver at 'AA- / M'. The outlook remained Stable**

## 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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<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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