

Financial Markets Daily

April 27, 2021

Main drivers for the financial markets today...

- **Stock markets with small changes amid a plethora of earnings results, the FOMC's decision tomorrow, the escalation of COVID-19 cases in several parts of the world and the possibility of a tax hike in the US. In this context, the USD is slightly up, and government bond yields are up as well**
- **Regarding the development of the pandemic, attention remains focused on India, while the country faces the world's largest surge in COVID-19 cases. The Asian country registered more than 300,000 infections for a sixth day. This situation could affect both global growth and inflation, to which other countries are responding with help. The US said it will send 60 million doses of AstraZeneca vaccine to India**
- **OPEC+ will meet today, a day earlier than planned, to review plans to revive oil production, as a robust recovery in global demand is being clouded by surging COVID-19 infections in India, with the Asian country being one of the main consumers of crude in the world**
- **In economic figures, in the US, the Conference Board consumer confidence indicator for April will be released. We estimate it to stand at 108pts (109.7pts previous, consensus: 113pts). In Brazil inflation for the first half of April will be published. Consensus estimates it at 0.65% m/m, with which the annual variation would stand at 6.23%, continuing with the upward trend**
- **In Mexico, INEGI published March's the trade balance, posting a US\$ 3,003.6 million deficit. Inside, exports rose 4.3% m/m (12.2% y/y), with imports at 18.4% (31.3% y/y) due to a better backdrop regarding the virus and climate shocks fading away**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Trade balance - Mar	US\$m	3,356.1	--	2,681.1
10:00	International reserves - Apr 23	US\$b	--	--	195.2
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 3-year Mbono (Sep'24) and 30-year Udibono (Nov'50)				
<i>Brazil</i>					
8:00	Consumer prices - Apr	% m/m	--	0.71	0.93
8:00	Consumer prices - Apr	% y/y	--	6.30	5.52
<i>United States</i>					
9:00	S&P/CoreLogic housing prices - Feb	% y/y	--	11.8	11.1
10:00	Consumer confidence* - Apr	index	108.0	112.0	109.7

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	4,185.00	0.1%
Euro Stoxx 50	4,009.04	-0.3%
Nikkei 225	28,991.89	-0.5%
Shanghai Composite	3,442.61	0.0%
<i>Currencies</i>		
USD/MXN	19.92	0.3%
EUR/USD	1.21	0.0%
DX	90.86	0.1%
<i>Commodities</i>		
WTI	62.48	0.9%
Brent	66.01	0.5%
Gold	1,784.22	0.2%
Copper	447.00	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.58	1pb

Source: Bloomberg

Equities

- **Mixed movements in equity markets as investors await a significant flow of quarterly corporate reports, amid an increase in coronavirus infections globally. In the corporate front, out of the 47 S&P 500 companies scheduled to report today, 19 have already updated investors with most outperforming estimates, including 3M, Hasbro, and General Electric. Alphabet, Microsoft, and Starbucks will publish its figures after the market closes**
- **In Asia the markets closed mixed. In Europe stocks drop, the Euro Stoxx decreases 0.3%. In turn, in the US the futures of main indices point to a slightly positive open by rising 0.1% on average**
- **In Mexico, yesterday Kof reported its 1Q21 results, in line with expectations, with an increase in volumes, but lower profitability due to FX headwinds. Today Amx, Gcc, Livepol, Oma, and Walmex will release its figures**

Sovereign fixed income, currencies and commodities

- **Few variations in rates from sovereign bonds, although depicting a slightly negative balance integrating losses of ~1-2bps in European securities, also with US Treasuries pressuring by ~1.2bps. Yesterday the Mbonos' curve rallied 3bps, on average**
- **Negative bias in G10 currencies excluding GBP and CHF, resulting in a positive USD, although EM currencies experience a mixed balance under narrow ranges. In the latter, USD/MXN depreciates 0.3% to 19.92 returning from 19.95 in earlier trading**
- **Crude oil positive amid strong expectations regarding the demand recovery and despite a weakening of the pandemic conditions in India and other regions. The market will follow OPEC+ monetary meeting today. In metals, copper gains 1.5% approaching all time highs, while corn and other grains extend their recent surge**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,981.57	-0.2%
S&P 500	4,187.62	0.2%
Nasdaq	14,138.78	0.9%
IPC	48,923.93	-0.3%
Ibovespa	120,594.60	0.1%
Euro Stoxx 50	4,020.83	0.2%
FTSE 100	6,963.12	0.4%
CAC 40	6,275.52	0.3%
DAX	15,296.34	0.1%
Nikkei 225	29,126.23	0.4%
Hang Seng	28,952.83	-0.4%
Shanghai Composite	3,441.17	-0.9%
<i>Sovereign bonds</i>		
2-year Treasuries	0.17	1pb
10-year Treasuries	1.57	1pb
28-day Cetes	4.07	0pb
28-day TIIE	4.28	0pb
2-year Mbono	4.91	0pb
10-year Mbono	6.71	-2pb
<i>Currencies</i>		
USD/MXN	19.87	0.2%
EUR/USD	1.21	-0.1%
GBP/USD	1.39	0.2%
DX	90.81	-0.1%
<i>Commodities</i>		
WTI	61.91	-0.4%
Brent	65.65	-0.7%
Mexican mix	59.65	-0.4%
Gold	1,781.38	0.2%
Copper	444.45	2.4%

Source: Bloomberg

Corporate Debt

- **FEMSA announced the total early redemption of its Senior Notes due 2023 with a 1.75% fixed rate for May 23rd, 2021. The outstanding amount of the Senior Notes is €1.0 billion (US\$1.2 billion)**
- **S&P Global Ratings confirmed the ratings for Cetelem's current issuances at 'mxAAA' and assigned the same rating to its proposed issuances (CETELEM 21 / 21-2). The ratings are based on the guarantee granted by its holding company, BNP Paribas**
- **Fitch Ratings affirmed the ratings for issuances CIENCB 15 (Corporación Mexicana de Inversiones' Future Flow) at 'AAA(mex)'. The ratings are on the same level as the Federal Government**

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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