

Financial Markets Daily

April 28, 2021

Main drivers for the financial markets today...

- **Stock markets with small changes, government bond yields higher and the USD appreciating with investors awaiting the decision from the Fed and looking for new drivers, including tonight's speech by Joe Biden**
- **On the Fed, we do not expect changes on the reference rate or adjustments to the asset purchase program. However, attention will center on Jerome Powell's conference after the decision. Although he will probably maintain the same tone as in the last meetings, we will be looking for clues over when tapering could begin**
- **At 9:00pm ET, President Biden will address a joint session of Congress. Focus will lie on his new US\$1.8 trillion stimulus plan. It consists of US\$1 trillion in spending –mainly on social themes– and US\$800 billion in tax reductions for middle- and low-income families. However, it would also include tax hikes on high earners to finance it. We should mention that this comes on top of the previously introduced US\$2.3 trillion infrastructure plan**
- **On news regarding the virus, conditions in India remain very deteriorated, surpassing 200 thousand deaths and with the number of new cases surging 52% in the last week. On the vaccination process, so far close to 1.1 billion doses have been administered globally. Meanwhile, some countries in Europe, including UK and Spain, are analyzing reopening their borders to tourists, as long as they fulfill some sanitary requirements**
- **On economic data we only highlight March's trade balance in the US, expecting a deficit of around US\$88.0 billion**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
8:30	Trade balance* - Mar	US\$bn	--	-87.5	-87.6
14:00	FOMC Rate Decision (Lower Bound)	%	0.00	0.00	0.00
14:00	FOMC Rate Decision (Upper Bound)	%	0.00	0.25	0.25
14:00	Interest Rate on Excess Reserves (IOER)	%	0.00	0.13	0.10
14:00	Powell Holds Press Conference Following FOMC Meeting				

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	4,183.75	0.1%
Euro Stoxx 50	4,020.02	0.2%
Nikkei 225	29,053.97	0.2%
Shanghai Composite	3,457.07	0.4%
<i>Currencies</i>		
USD/MXN	20.05	0.0%
EUR/USD	1.21	-0.2%
DX	91.05	0.2%
<i>Commodities</i>		
WTI	63.38	0.7%
Brent	66.78	0.5%
Gold	1,767.15	-0.5%
Copper	447.30	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.64	2pb

Source: Bloomberg

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Equities

- **Stock markets mixed, amid a busy day of corporate reports while awaiting the Fed's meeting. In the US, futures remain without a clear trend, with the S&P500 trading at +0.1%, expecting the results of Apple, Boeing, Ford, and Facebook. As for Europe, the Stoxx 600 remained little changed. Asia closed positive, where the Shanghai Comp was up 0.4% and the Nikkei rose 0.2%**
- **In Mexico, yesterday Amx reported in line with expectations, with margins expanding in almost every country. Likewise for Walmart, with lower revenues in the face of a difficult comparable base. Gmexico had relevant growth in sales and margins. Gcc reported higher profitability and a positive 2021 guidance. Finally, Liverpool underperformed, reflecting greater weakness in its most profitable businesses. Today Creal, Gentara, Ienova, Gap, Gicsa, Lab, Lacomar, Orbia, and Soriana are scheduled to report**

Sovereign fixed income, currencies and commodities

- **Pressures in global rates with the attention focused on the Fed decision today. European assets adjust +4bps, while US Treasuries print a 1bp sell-off in long-term securities. In local terms, the Mbonos' curve closed yesterday with a 6bps sell-off, on average, with the 10-year benchmark closing at 6.78% (+9bps)**
- **The USD trades positive (BBDXY +0.2%) against most of the G10 currencies except for NZD and NOK. In EM, bias is mixed with TRY as the strongest (+0.5%), while MXN trades slightly above the psychological level of 20.00 per dollar (+0.1%) after a 0.9% depreciation yesterday**
- **Crude-oil prints gains of 0.6% after OPEC+ sent a positive signal yesterday confirming its gradual production increase between May and July despite a virus resurgence in India. Mixed performance in industrial metals, while precious register a negative balance with gold trading at 1,767US\$/oz t (-0.5%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,984.93	0.0%
S&P 500	4,186.72	0.0%
Nasdaq	14,090.22	-0.3%
IPC	48,812.17	-0.2%
Ibovespa	119,388.40	-1.0%
Euro Stoxx 50	4,011.91	-0.2%
FTSE 100	6,944.97	-0.3%
CAC 40	6,273.76	0.0%
DAX	15,249.27	-0.3%
Nikkei 225	28,991.89	-0.5%
Hang Seng	28,941.54	0.0%
Shanghai Composite	3,442.61	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.18	1pb
10-year Treasuries	1.62	5pb
28-day Cetes	4.06	-1pb
28-day TIIE	4.28	0pb
2-year Mbono	4.87	-4pb
10-year Mbono	6.79	8pb
<i>Currencies</i>		
USD/MXN	20.06	0.9%
EUR/USD	1.21	0.0%
GBP/USD	1.39	0.1%
DXY	90.91	0.1%
<i>Commodities</i>		
WTI	62.94	1.7%
Brent	66.42	1.2%
Mexican mix	60.48	1.4%
Gold	1,776.60	-0.3%
Copper	448.55	0.9%

Source: Bloomberg

Corporate Debt

- **Fitch Ratings upgraded Minera Frisco's ratings to 'A-(mex)' from 'BBB+(mex)' and revised the outlook to Stable from Negative. The rating upgrade considers the increase in the support from its controlling owners and related entities**
- **PCR Verum ratified Grupo Hema and its issuance GHEMA 18's ratings at 'A-/M' and changed the outlook to Stable from Negative. The outlook change follows the group's good handle to face the COVID-19 pandemic**
- **HR Ratings affirmed Grupo Profuturo's rating at 'HR AAA' with a Stable outlook based on the revenue generation stability through its subsidiaries, which came through a constant growth in market size**

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldivar, 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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