

Financial Markets Daily

April 30, 2021

Main drivers for the financial markets today...

- **Negative stock markets, USD up, and government bond yields mixed, amid profit taking, after strong upward movements, as well as showing caution due to a substantial increase in COVID-19 cases, more so with the new variant in India and the worst-than-expected GDP decline in Germany's 1Q21 GDP**
- **Regarding economic figures, March's personal income and spending report will be released in the US. In the Eurozone, 1Q21 GDP was published with a 0.6% q/q contraction, posting a double dip recession in the first quarter, but the hit was milder than anticipated with consumer and businesses showing greater resilience to lockdowns. April's inflation in the Eurozone was also released at 0.6% m/m, above expectations, with the annual variation standing at 1.6% from 1.3% previously**
- **In Mexico, INEGI published 1Q21 preliminary GDP, posting a 0.4% q/q expansion, positive in a complex backdrop. In annual terms activity stood at -3.8% (nsa), skewed to the downside due to the leap year in 2020 and the timing of the Easter holiday**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
	European Commission economic growth forecasts				
4:00	GER Gross domestic product* - 1Q21	% q/q	--	-1.5	0.3
5:00	EZ Unemployment rate* - Mar	%	--	8.3	8.3
5:00	EZ Consumer prices - Apr (P)	% y/y	--	1.6	1.3
5:00	Core - Apr (P)	% y/y	--	0.8	0.9
5:00	EZ Gross domestic product - 1Q21	% q/q	--	-2.0	-4.9
5:00	EZ Gross domestic product* - 1Q21	% y/y	--	-0.8	-0.7
<i>Mexico</i>					
7:00	Gross domestic product - 1Q21	% y/y	-4.0	-3.1	-4.3
7:00	Gross domestic product - 1Q21	% q/q	0.3	0.1	3.3
10:00	Banking credit - Mar	% y/y	-9.9	--	-6.0
15:30	Public finances (year-to-date) - Mar	MXNmn	--	--	-100.0
<i>United States</i>					
8:30	Personal income* - Mar	% m/m	--	20.0	-7.1
8:30	Personal spending* - Mar	% m/m	--	4.2	-1.0
8:30	Real personal spending* - Mar	% m/m	3.0	3.5	-1.2
8:30	PCE Deflator* - Mar	% m/m	--	0.5	0.2
8:30	Core* - Mar	% m/m	--	0.3	0.1
8:30	PCE Deflator* - Mar	% y/y	--	2.3	1.6
8:30	Core* - Mar	% y/y	--	1.9	1.4
10:00	U. of Michigan confidence* - Apr (F)	index	86.5	87.5	86.5

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	4,179.25	-0.6%
Euro Stoxx 50	3,980.68	-0.4%
Nikkei 225	28,812.63	-0.8%
Shanghai Composite	3,446.86	-0.8%
<i>Currencies</i>		
USD/MXN	20.08	0.1%
EUR/USD	1.21	-0.3%
DX	90.83	0.2%
<i>Commodities</i>		
WTI	63.85	-1.8%
Brent	67.57	-1.4%
Gold	1,771.67	0.0%
Copper	450.45	0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.65	1pb

Source: Bloomberg

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Equities

- We conclude the week with mixed movements in stock markets, though with negative bias, with investors taking profits after yesterday's hike. Futures in the US anticipate a negative opening with the S&P500 trading 0.6% below its theoretical value after another all-time high, and mixed corporate earnings
- In the US, ~57% of the S&P500 companies have published its results and a 53.9% earnings growth has been achieved vs 23.8%e. Positive surprise rate stands at 87.3%. Today we expect 16 companies to release its results standing out Exxon and Chevron
- In Mexico, among yesterday's results Alsea posted a weaker profitability than expected, Chedraui came in better, while Mega was in line with expectations. Today is the last day for the companies to publish 1Q21 earnings

Sovereign fixed income, currencies and commodities

- Sovereign bonds trade mixed, with rates from Asia/Pacific closing mostly pressured, while European securities trade slightly positive with gains of 1bp. The US Treasuries' curve steepens modestly with pressures of up to 1bp in long-term tenors. Yesterday, Mbonos sold-off 2bps, on average
- The USD bounced from a weaker direction following the Fed, although holding a negative weekly balance. In G10 currencies only JPY and CAD gain modestly, while in EM balance is also mostly negative with USD/MXN deprecating 0.1% to 20.06 per dollar, heading for a 1.3% weekly sell-off
- Crude oil trades negative with losses of just under 2% for Brent and WTI as the recent rally in stocks and other commodities has paused. In metals, the industrials' space holds its rise, while in precious metals gold and silver trade slightly negative

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,060.36	0.7%
S&P 500	4,211.47	0.7%
Nasdaq	14,082.55	0.2%
IPC	48,897.79	0.8%
Ibovespa	120,065.80	-0.8%
Euro Stoxx 50	3,996.90	-0.5%
FTSE 100	6,961.48	0.0%
CAC 40	6,302.57	-0.1%
DAX	15,154.20	-0.9%
Nikkei 225	29,053.97	0.0%
Hang Seng	29,303.26	0.8%
Shanghai Composite	3,474.90	0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.16	0pb
10-year Treasuries	1.63	2pb
28-day Cetes	4.13	3pb
28-day TIIE	4.28	0pb
2-year Mbono	4.95	2pb
10-year Mbono	6.87	2pb
<i>Currencies</i>		
USD/MXN	20.05	0.7%
EUR/USD	1.21	0.0%
GBP/USD	1.39	0.1%
DXY	90.61	0.0%
<i>Commodities</i>		
WTI	65.01	1.8%
Brent	68.56	1.9%
Mexican mix	62.57	2.1%
Gold	1,772.18	-0.5%
Copper	448.65	-0.2%

Source: Bloomberg

Corporate Debt

- April closed with an issued amount of MXN 10.5 billion in the long-term debt market, with issuances by Grupo Elektra and Grupo Aeroportuario del Centro Norte. The month's issued amount represented a 20.1x increase y/y
- In May we expect the recovery in issued amount to continue, with a bulked pipeline nearing MXN 20 billion, standing out that the totality of bonds to be auctioned are unsecured notes
- FEMSA announced the placement of sustainability linked notes in the international capital markets for €1.2 billion: €700 million in senior notes due in 2028 bearing interest at an annual rate of 70bp over the relevant benchmark and €500 million in senior notes due in 2033 bearing interest at an annual rate of 88bp over the relevant benchmark

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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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