

# Financial Markets Daily

May 3, 2021

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

- **Stock markets up, with the USD lower and government bond yields trading higher on optimism about the recovery due to stimulus measures, along lower COVID-19 cases. The Fed and Treasury Secretary Yellen mitigated risks of higher inflation in response to Warren Buffet's warning. Some markets will be closed today to observe holidays (e.g. UK and Japan)**
- **Market focus this week on April's employment reports in the US –estimating 950k new jobs–, more corporate earnings in said country, and on COVID-19 (including contagion curves, vaccinations and new virus' variants)**
- **We will also have a plethora of central banks decisions, among them Brazil –we expect +75bps in the Selic rate–, UK, Turkey, Australia and Norway. Also, speeches by Fed members, including Jerome Powell, and by Christine Lagarde from the ECB**
- **The data agenda globally has slated final April PMI in several countries and Caixin in China, along ISM indicators in the US, which will also release vehicle sales, factory orders and trade balance figures. Industrial production and retail sales in Brazil, with the latter also in the Eurozone**
- **In Mexico, we estimate April's inflation at 0.27% m/m and strong IMEF indicators PMI for the same month. Other releases include family remittances (Mar), consumer confidence (Apr) and expectations surveys from both Banxico and Citibanamex**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
9:45	Manufacturing PMI (Markit)* - Apr (F)	index	--	60.8	60.6
10:00	ISM manufacturing* - Apr	index	65.5	65.0	64.7
14:20	Fed Chair Powell speaks on community development				
	Total vehicle sales** - Apr	thousands	--	17.5	17.8
<i>Mexico</i>					
10:00	Family remittances - Mar	US\$m	4,025.7	--	3,173.5
10:00	Survey of expectations (Banxico)				
13:00	PMI manufacturing (IMEF)* - Apr	index	50.9	--	50.7
13:00	PMI non-manufacturing (IMEF)* - Apr	index	53.0	--	52.8

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	4,195.25	0.5%
Euro Stoxx 50	3,997.46	0.6%
Nikkei 225	28,812.63	0.0%
Shanghai Composite	3,446.86	0.0%
<i>Currencies</i>		
USD/MXN	20.24	0.0%
EUR/USD	1.21	0.3%
DX	91.10	-0.2%
<i>Commodities</i>		
WTI	63.60	0.0%
Brent	66.60	-1.0%
Gold	1,778.36	0.5%
Copper	447.55	-0.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.64	2pb

Source: Bloomberg

## Equities

- Equity markets kicked-off the week with nearly widespread gains across the board, on the back of optimism regarding economic recovery driving risk appetite among investors
- In this context, US futures are set for a positive opening, with those of the S&P500 trading 0.5% above fair value. Meanwhile, in Europe, the Stoxx is up 0.6%, mainly supported by a positive performance in the industrial, utilities and information technology sectors. In Asia the trading session was subdued, as Japan and China stock markets remained closed due to holidays on the Constitution and Labor days, respectively
- On the corporate side, in the US, today 11 companies within the S&P500 are scheduled for releasing its 1Q21 earnings, being WEC Energy, EstéeLauder, Loews Corp and Diamondback Energy as the most relevant names

## Sovereign fixed income, currencies and commodities

- Slight pressures in global rates, with European assets adjusting +1bp, while US Treasuries print a 1bp sell-off from the 5-year node onwards. Locally, the Mbonos' curve closed last week with a 12bps sell-off on average, with the 10-year benchmark closing at 6.90% (+18bps)
- The USD trades negative (BBDXY -0.2%) amid a positive performance in most G10 currencies, with GBP leading gains (+0.4%). In EM, the bias is mixed with ZAR as the strongest (+0.6%), while MXN trades unchanged above 100D MA at 20.24 per dollar after a 2.1% weekly depreciation, pairing four favorable weeks in a row
- Brent adjusts -1.0% as investors weigh weaker demand due to the health crisis in India against optimism about the global economic recovery. April printed a positive balance in metals, with industrials outperforming precious

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,874.85	-0.5%
S&P 500	4,181.17	-0.7%
Nasdaq	13,962.68	-0.9%
IPC	48,009.72	-1.8%
Ibovespa	118,893.80	-1.0%
Euro Stoxx 50	3,974.74	-0.6%
FTSE 100	6,969.81	0.1%
CAC 40	6,269.48	-0.5%
DAX	15,135.91	-0.1%
Nikkei 225	28,812.63	-0.8%
Hang Seng	28,724.88	-2.0%
Shanghai Composite	3,446.86	-0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.16	0pb
10-year Treasuries	1.63	-1pb
28-day Cetes	4.16	3pb
28-day TIE	4.29	0pb
2-year Mbono	4.95	0pb
10-year Mbono	6.91	4pb
<i>Currencies</i>		
USD/MXN	20.25	1.0%
EUR/USD	1.20	-0.8%
GBP/USD	1.38	-0.9%
DXY	91.28	0.7%
<i>Commodities</i>		
WTI	63.58	-2.2%
Brent	67.25	-1.9%
Mexican mix	61.39	-1.9%
Gold	1,769.13	-0.2%
Copper	446.80	-0.4%

Source: Bloomberg

## Corporate Debt

- This week we expect the placement of up to MXN 9.15 billion in the long-term market, with two bonds to be auctioned by Grupo Aeroportuario del Pacífico (GAP 21 / 21-2, MXN 4.5 billion), as well as two Green Bonds issued by AC Bebidas (ACBE 21V / 21-2V, MXN 4.65 billion)
- HR Ratings revised downwards the ratings for issuance ALPHACB 18 to 'HR A+ (E)' from 'HR AAA (E)' and placed it in Negative Watch due to a higher operative risk and a lower management ability by its settlor
- Crédito Real announced that its existing US\$100 million Wells Fargo asset-backed senior line of credit facility has been successfully refinanced

## 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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<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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