

Financial Markets Daily

May 4, 2021

Main drivers for the financial markets today...

- **Stock markets mixed although with a negative bias, the USD strengthens slightly, and government bond yields increase. On one hand, there is some concern over higher commodities' prices that could pressure firm margins, while on the other, stock prices of companies related to the production of these are doing well**
- **On the virus, the United Kingdom is discussing scrapping lockdown measures in seven weeks. Meanwhile, in the US, rules regarding the use of facial coverings are relaxing both at a Federal and state levels, with the vaccination process still moving along, albeit at a more moderate pace. On the contrary, the situation in India keeps deteriorating, with estimates suggesting that the spike in cases will happen by mid-May**
- **In the US, President Biden increased the number of refugees that will be allowed to enter the country during the fiscal year (until September) to 62.5 thousand, reversing the limit of 15 thousand set by Trump. In this context, it is expected that some focus remains on migration issues, as it has been garnering more criticism under this administration**
- **On economic data, in the US attention will center on trade balance and factory orders for March. Moreover, we have participations from Daly, Kashkari, and Kaplan throughout the day. Meanwhile, in the UK, April's final print for the manufacturing PMI was revised higher to 60.9pts**
- **In the monetary policy front, the Reserve Bank of Australia (RBA) maintained its monetary stance unchanged, with upward adjustments on its GDP and inflation estimates, although with the ones for the latter being more marginal**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
8:30	Trade balance* - Mar	mmd	--	-74.3	-71.1
10:00	Factory orders* - Mar	% m/m	--	1.4	-0.8
10:00	Ex transportation* - Mar	% m/m	--	1.8	-0.6
10:00	Durable goods orders* - Mar (F)	% m/m	--	--	0.5
10:00	Ex transportation* - Mar (F)	% m/m	--	--	1.6
13:00	Fed's Daly and Kashkari speak to the Economic Club of Minnesota				
13:00	Fed's Kaplan takes part in moderated discussion				
<i>Mexico</i>					
10:00	International reserves - Apr 30	US\$bn	--	--	195.4
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 20-year Mbono (Nov'38); 3-year Udibono (Nov'23) and 1, 3, and 5-year Bondes D				

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	4,171.00	-0.4%
Euro Stoxx 50	3,980.81	-0.5%
Nikkei 225	28,812.63	0.0%
Shanghai Composite	3,446.86	0.0%
<i>Currencies</i>		
USD/MXN	20.26	0.5%
EUR/USD	1.20	-0.4%
DX	91.31	0.4%
<i>Commodities</i>		
WTI	65.37	1.4%
Brent	68.48	1.4%
Gold	1,782.72	-0.6%
Copper	452.15	-0.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.60	1pb

Source: Bloomberg

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Equities

- **Mixed movements in equity markets as investors continue to rotate towards stocks that benefit from the economic recovery, such as commodity companies, and await a significant flow of quarterly corporate reports, while concerns continue regarding inflationary pressures. In the corporate front, out of the 46 S&P 500 companies scheduled to report today, 24 have already updated investors with outperforming estimates, including ConocoPhillips, CVS Health Corp., and Pfizer. T-Mobile US will publish its figures after the market closes**
- **In Asia the markets closed mixed. There were no operations in China and Japan for holidays. In Europe stocks are mixed, the Euro Stoxx falls 0.5%. Shares from energy and financial sectors lead gains, while those from real estate and technology superhead losses. In turn, in the US the futures of main indices point to a slightly negative open by falling 0.2% on average**

Sovereign fixed income, currencies and commodities

- **Modestly negative bias in global rates with closes of +1bp in Asia/Pacific and European bonds trading in a similar direction, while US Treasuries also pressure by ~1bp. Yesterday the Mbonos' curve rallied 2bps, on average, from the 2-year area onwards**
- **The USD strengthens in a widespread fashion against G10 currencies with NZD leading losses (-0.9%), while balance in EM pairs is also negative with TRY as the weakest (-1%) and RUB among the few positive (+0.4%). USD/MXN depreciates 0.5% to 20.26 per dollar**
- **Positive crude oil amid good demand recovery expectations with WTI and Brent advancing slightly less than 2%. API inventories today at 4:30pm. In metals bias in industrials remains positive, while gold and silver fall modestly today**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,113.23	0.7%
S&P 500	4,192.66	0.3%
Nasdaq	13,895.12	-0.5%
IPC	48,498.64	1.0%
Ibovespa	119,209.50	0.3%
Euro Stoxx 50	4,000.25	0.6%
FTSE 100	6,969.81	0.0%
CAC 40	6,307.90	0.6%
DAX	15,236.47	0.7%
Nikkei 225	28,812.63	0.0%
Hang Seng	28,357.54	-1.3%
Shanghai Composite	3,446.86	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.16	0pb
10-year Treasuries	1.60	-3pb
28-day Cetes	4.16	0pb
28-day TIE	4.29	0pb
2-year Mbono	4.93	-2pb
10-year Mbono	6.89	-2pb
<i>Currencies</i>		
USD/MXN	20.16	-0.4%
EUR/USD	1.21	0.4%
GBP/USD	1.39	0.6%
DX	90.95	-0.4%
<i>Commodities</i>		
WTI	64.49	1.4%
Brent	67.56	0.5%
Mexican mix	61.60	0.3%
Gold	1,792.88	1.3%
Copper	452.85	1.4%

Source: Bloomberg

Corporate Debt

- **Grupo Aeroméxico obtained authorization from the Court on the agreements to increase its fleet with 28 new Boeing equipment, as part of a restructuring of the agreement with the manufacturer and certain lessors**
- **HR Ratings ratified sovereign debt of Mexico and Pemex ratings at 'HR BBB + (G)', maintaining the Negative outlook. According to the agency, the ratification is due to the fiscal discipline exercised during 2020, which was implemented with the aim of limiting indebtedness**
- **Fitch Ratings confirmed Orbia's rating at 'AAA (mex)' and revised the outlook to Stable from Negative. According to the agency, the outlook revision reflects stronger-than-expected operating performance from Orbia during the challenging year 2020, as well as a favorable outlook for 2021**

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>
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