

Financial Markets Daily

May 6, 2021

Main drivers for the financial markets today...

- **Mixed stock markets, USD down and government bond yields with little changes digesting a less dovish Bank of England, EU and US support for suspending COVID-19 vaccine patents during the pandemic, caution ahead of tomorrow's US labor market report and corporate results**
- **Yesterday Biden's administration supported the suspension of patents on COVID-19 vaccines during the pandemic. Until now, the US had been one of the main opponents to the WHO proposal. While the process is expected to be long and complex, Moderna and Pfizer shares fell at the announcement**
- **Regarding economic figures, in the US, jobless claims for the week ending on May 1 will be released. The figure is estimated at 538k below the 553k of the previous week, confirming the recovery of the labor market. Likewise, there will be special attention in the Fed's semi-annual Financial Stability Report, while there will also be interventions by Williams, Kaplan and Mester**
- **The Bank of England kept the benchmark rate unchanged at 0.1% and announced that it will reduce the weekly rate of purchases. The central bank explained that it will not tighten monetary policy until there is clear evidence of a rebound. Likewise, it raised its growth estimate for this year to 7.25%, while it revised up the average inflation projection from 2.0% prior to 2.5%**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Retail sales* - Mar	% m/m	--	1.5	3.0
<i>UK</i>					
7:00	Monetary policy decision (BoE)	%	--	0.10	0.10
<i>Turkey</i>					
7:00	Monetary policy decision (Central Bank of the T)	%	--	19.0	19.0
<i>United States</i>					
8:30	Initial jobless claims* - May 1	thousands	--	540	553
10:00	Fed's Kaplan Takes Part in Moderated Q&A	0.0			
13:00	Fed's Mester Speaks at UC Santa Barbara Even				
<i>China</i>					
22:00	Trade balance - Apr	US\$bn	--	28.0	13.8
22:00	Exports - Apr	% y/y	--	23.5	30.6
22:00	Imports - Apr	% y/y	--	43.9	38.1

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	4,163.75	0.1%
Euro Stoxx 50	3,990.46	-0.3%
Nikkei 225	29,331.37	1.8%
Shanghai Composite	3,441.28	-0.2%
<i>Currencies</i>		
USD/MXN	20.24	-0.1%
EUR/USD	1.21	0.4%
DX	91.01	-0.3%
<i>Commodities</i>		
WTI	65.29	-0.5%
Brent	68.64	-0.5%
Gold	1,793.92	0.4%
Copper	458.00	0.9%
<i>Sovereign bonds</i>		
10-year Treasury	1.58	1pb

Source: Bloomberg

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Equities

- **Mixed returns in stock markets as investors' attention turns to the corporate earnings season, as well as US employment data. Today, 36 S&P500 companies are scheduled to report, including American International, Evergy and Motorola**
- **Futures in the US trade without a clear trend, the S&P500 with few changes. Stock markets in Europe are mixed, the EuroStoxx falls 0.3%, with shares of vaccine makers falling on waiver discussions of intellectual property protection. In Asia, session ended mixed, with the Nikkei up 1.8% after returning from the holiday**
- **Yesterday Oma released April passenger traffic, with an 897.0% y/y increase (72.1% vs 2019 figure), in line with estimates. Meanwhile, Asur's came in at 1,905.4% y/y (74.7% vs 2019). Finally, Volaris' traffic returned to pre-pandemic levels with +523.8% y/y and +3.3% vs. 2019**

Sovereign fixed income, currencies and commodities

- **Global rates with a positive bias, European assets adjust up to -2bps while in the US the Treasury yield curve trades with few changes. In Mexico, the Mbonos yield curve closed yesterday with gains of 4bps on average, with the 10-year benchmark at 6.88% (-5bps)**
- **The dollar trades in negative territory (BBDXY -0.2%) allowing most G10 currencies to advance with CHF leading the gains (+0.4%). In EM, the bias is positive with IDR the strongest (+0.8%) while MXN appreciates 0.2% and trades at 20.21 per dollar, right at the 100-day MA**
- **Crude oil prices fall 0.7% on fears that the health crisis in India will impact the recovery of global demand. In metals, gold trades at 1,792 \$/oz t (+0.4%) while in industrials the balance is positive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,230.34	0.3%
S&P 500	4,167.59	0.1%
Nasdaq	13,582.42	-0.4%
IPC	48,399.80	0.1%
Ibovespa	119,564.40	1.6%
Euro Stoxx 50	4,002.79	2.0%
FTSE 100	7,039.30	1.7%
CAC 40	6,339.47	1.4%
DAX	15,170.78	2.1%
Nikkei 225	28,812.63	0.0%
Hang Seng	28,417.98	-0.5%
Shanghai Composite	3,446.86	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	-1pb
10-year Treasuries	1.57	-3pb
28-day Cetes	4.12	6pb
28-day TIIE	4.28	0pb
2-year Mbono	4.92	-3pb
10-year Mbono	6.87	-5pb
<i>Currencies</i>		
USD/MXN	20.26	0.3%
EUR/USD	1.20	-0.1%
GBP/USD	1.39	0.1%
DXY	91.31	0.0%
<i>Commodities</i>		
WTI	65.63	-0.1%
Brent	68.96	0.1%
Mexican mix	62.86	0.0%
Gold	1,786.87	0.4%
Copper	452.40	0.1%

Source: Bloomberg

Corporate Debt

- **HR Ratings downgraded GHOCB 14 (Grupo Herradura Occidente's ABS) rating to 'HR D (E)' from 'HR C- (E)' and modified the Negative Observation to Review in Process. According to the agency, the downgrade revision is based on the payment of interest corresponding to April 30, 2021, it was only MXN 2.8 million of the agreed MXN 67.8 million**
- **HR Ratings upgraded OPI 15U (Organización de Proyectos de Infraestructura FF) rating to 'HR AA + (E)' from 'HR AA- (E)' and modified the outlook to Stable from Negative. According to the agency, the rating review is based on the level of stress that the source of payment is able to withstand**
- **Fitch Ratings ratified Grupo Bimbo and its BIMBO 16/17 issuances rating at 'AAA (mex)'; the outlook is stable**

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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