

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed –with Europe down, but S&P500 futures slightly up–, government bond yields with few changes and USD lower, as concerns mount about more inflation pressures that would affect the recovery, following a cyberattack that forced the closure of a key US pipeline, in turn pushing oil, gas, gasoline and other commodities prices higher
- Market attention this week on the monetary policy decisions by Banxico (we expect the reference rate on hold at 4.00%), Peru and Chile, among others, along the ECB minutes. Moreover, the European Commission will publish its economic estimates, while OPEC and EIA release their monthly reports
- In the US, key drivers will be CPI, retail sales and industrial production (April), consumer confidence from the University of Michigan (May), as well as quarterly earnings and comments from Fed officials. President Biden will meet leaders from the Senate and the House of Representatives
- The Eurozone will release industrial production and the ZEW expectations survey. In China, the most important data will inflation –both CPI & PPI–, while in the UK we will know 1Q21 GDP
- In Mexico, economic data includes March’s industrial production and February’s private consumption and investment. Also, the same-store sales report from ANTAD and formal employment, as well as wage negotiations

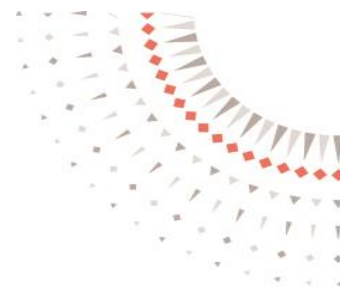
The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
	Wage negotiations - Apr	% y/y	--	--	5.5
United States					
14:00	Fed's Evans Discusses Economic Outlook				
China					
21:30	Consumer prices - Apr	% y/y	--	1.0	0.4

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



May 10, 2021

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,229.00	0.1%
Euro Stoxx 50	4,018.28	-0.4%
Nikkei 225	29,518.34	0.5%
Shanghai Composite	3,427.99	0.3%
Currencies		
USD/MXN	19.89	-0.1%
EUR/USD	1.22	0.0%
DXY	90.16	-0.1%
Commodities		
WTI	65.21	0.5%
Brent	68.69	0.6%
Gold	1,839.65	0.5%
Copper	488.80	2.6%
Sovereign bonds		
10-year Treasury	1.58	0pb

Source: Bloomberg

Equities

- Mixed start of the week for global equity markets, as the cyberattack into one of the largest fuel pipes in the US keeps driving sector rotation towards value stocks. The latter is explained by surging commodities' prices, on the back of said disruption, reviving concerns about inflation
- In this context US futures are mixed, with profit taking in tech stocks (Nasdaq: -0.3%), yet those of the Dow Jones trade 0.3% above their fair value, and those of the S&P500 are fairly flat. Meanwhile, the Euro Stoxx falls 0.4%, hurt by drops in travel shares outweighing gains in the mining sector. In Asia the trading session ended positively biased. The Nikkei was up 0.5% and the Shanghai Composite did so by 0.3%
- Today 11 companies within the S&P500 are scheduled for releasing its earnings, being Tyson Foods & Marriot Intl the most relevant names. Up to now, 6 companies have already reported 1Q21 figures, most of them above expectations

Sovereign fixed income, currencies and commodities

- Mixed balance in global rates with European securities adjusting +/-2bps, while US Treasuries trade unchanged. In local terms, the Mbonos' curve closed last week with a 14bps rally, on average, with the 10-year benchmark closing at 6.71%, equivalent to a 20bps rally in the week
- The USD trades slightly negative amid a favorable performance in most of the G10 currencies with GBP leading gains (+0.8%). In EM, bias is mixed with IDR as the strongest (+0.7%), while MXN trades at 19.89 per dollar (-0.1%) after a 1.7% weekly appreciation
- Crude-oil and its derivatives print gains driven by the cyberattack on the largest oil-products pipeline in the US, with the market focused on OPEC and IEA monthly reports this week. Metals register a positive balance with copper reaching all time highs (+2.9%)

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,777.76	0.7%
S&P 500	4,232.60	0.7%
Nasdaq	13,752.24	0.9%
IPC	49,249.02	0.6%
Ibovespa	122,038.10	1.8%
Euro Stoxx 50	4,034.25	0.9%
FTSE 100	7,129.71	0.8%
CAC 40	6,385.51	0.4%
DAX	15,399.65	1.3%
Nikkei 225	29,357.82	0.1%
Hang Seng	28,610.65	-0.1%
Shanghai Composite	3,418.87	-0.7%
Sovereign bonds		
2-year Treasuries	0.14	-1pb
10-year Treasuries	1.58	1pb
28-day Cetes	4.13	0pb
28-day TIE	4.28	0pb
2-year Mbono	4.83	-3pb
10-year Mbono	6.73	-6pb
Currencies		
USD/MXN	19.92	-1.0%
EUR/USD	1.22	0.8%
GBP/USD	1.40	0.7%
DXY	90.23	-0.8%
Commodities		
WTI	64.90	0.3%
Brent	68.28	0.3%
Mexican mix	62.28	0.0%
Gold	1,831.24	0.9%
Copper	474.85	3.2%

Source: Bloomberg

Corporate Debt

- For this week, Bancomext's participation is expected with three issuances (BACMEXT 21 / 21-2 / 21-3) for a target amount of MXN 5 billion (maximum MXN 10 billion). Series 21 / 21-2 will have a 2.8 and 5 year-term and will pay a variable rate pegged to TIE 28; while the 21-3 series will have a 10 year-term and will pay a fixed rate
- S&P Global Ratings ratified SCRECB 16 / 16-2 (Sicrea ABS) ratings at 'mxAA (sf)' and removed them from CreditWatch with negative implications. According to the agency, the confirmation reflects its opinion on the current levels of credit protection, which are still sufficient to withstand the stress scenarios
- Notice of total early amortization of the HSBC 18D bank issuance for next May 17 for an amount of US\$392 million

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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