

Financial Markets Daily

May 11, 2021

Main drivers for the financial markets today...

- Stock markets mixed, with the USD slightly lower and government bond yields higher, following yesterday's selloff in the US tech sector given increased inflation concerns which continue to hinder investor's risk appetite
- In the Eastern coast of the US, fuel shortages start to appear after the hacking of the 'Colonial' pipeline. Specifically, the firm in charge mentioned that they expect to fully resume operations by the weekend
- On the virus, in the US, the Pfizer/BioNTech shot was authorized for children between 12 and 15 years old. The UK did not register a death in a day for the first time in 14 months. However, concerns over the Indian variant have increased, expecting a report from the WHO in the day
- Regarding economic data, March's ZEW expectations index in Germany surprised to the upside at 84.4pts, with current conditions also improving. In the US we do not have relevant reports, but we do have a plethora of Fed speakers, highlighting Brainard and Williams
- In Mexico, February's GFI posted a 2.4% m/m increase (-4.5% y/y), with positive results in both construction and machinery and equipment. On the contrary, consumption fell 0.2% m/m (-7.5% y/y), dragged by imported goods

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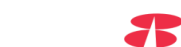
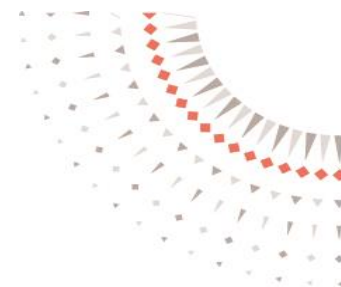
The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
5:00	ZEW Survey (Expectations) - Mar	index	--	72.0	70.7
Mexico					
7:00	Gross fixed investment - Feb	% y/y	-3.2	--	-10.6
7:00	Gross fixed investment* - Feb	% m/m	3.1	--	3.4
7:00	Private consumption - Feb	% y/y	--	--	-7.1
7:00	Private consumption* - Feb	% m/m	--	--	1.0
10:00	International reserves - May 7	US\$bn	--	--	195.3
12:30	Gover. weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'26) and 10-year Udibono (Nov'31)				
	ANTAD's same-store sales - Apr	% y/y	--	--	6.5
United States					
10:30	Fed's Williams speaks at SOFR Symposium				
12:00	Fed's Brainard takes Part in Moderated Q&A				
13:00	Fed's Daly Speaks at Community Bankers Event				
13:15	Fed's Bostic, speaks to the Rotary Club of Alexandria				
14:00	Fed's Harker speaks on Economic Outlook				
14:30	Fed's Kashkari discusses discusses Economic Outlook				

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.
Equity indices		
S&P 500 Futures	4,144.25	-0.9%
Euro Stoxx 50	3,935.35	-2.2%
Nikkei 225	28,608.59	-3.1%
Shanghai Composite	3,441.85	0.4%
Currencies		
USD/MXN	19.84	-0.5%
EUR/USD	1.22	0.3%
DX	90.11	-0.1%
Commodities		
WTI	63.90	-1.6%
Brent	67.62	-1.0%
Gold	1,839.65	0.2%
Copper	479.25	1.6%
Sovereign bonds		
10-year Treasury	1.61	1pb

Source: Bloomberg

Equities

- Negative movements in equity markets as tech stocks (among the most benefited by the pandemic) continue to decline, while concerns about inflationary pressures increase. In this context, sector rotation towards value companies continues, taking into account that valuations on growth companies look stretched. In the corporate front, out of the 4 S&P 500 companies scheduled to report today, 3 have already updated investors with most outperforming estimates
- In Asia, most markets closed negative. In Europe stocks drop, the Euro Stoxx decreases 2.2%. Shares from technology, industrials, and utilities sectors superhead losses. In turn, in the US the futures of main indices point to a negative open by falling 0.9% on average
- In Mexico, the Mexbol may stand around the 49,400 pts

Sovereign fixed income, currencies and commodities

- Pressures in global rates, mainly in European securities, with adjustments in this region of ~3bps, while the US Treasuries' curve pressures in slightly less than 1bp. Locally, Mbonos sold-off yesterday by 5bps, on average, with the long-end of the yield curve underperforming
- The USD weakens modestly with a stronger performance in G10 currencies, where only CHF and CAD fall, while SEK leads the gains. In EM, balance is mixed with PLN heading gains (+0.6%) and USD/MXN appreciating 0.5% to 19.85 per dollar
- Crude oil falls ~1% with markets' risk-off also affecting this sector, while investors digest OPEC's monthly report forecasting an improvement in its crude demand. Metals trade positive with copper advancing close to all time highs, with silver and gold also depicting a good performance

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,742.82	-0.1%
S&P 500	4,188.43	-1.0%
Nasdaq	13,401.86	-2.5%
IPC	49,867.15	1.3%
Ibovespa	121,909.00	-0.1%
Euro Stoxx 50	4,023.35	-0.3%
FTSE 100	7,123.68	-0.1%
CAC 40	6,385.99	0.0%
DAX	15,400.41	0.0%
Nikkei 225	29,518.34	0.5%
Hang Seng	28,595.66	-0.1%
Shanghai Composite	3,427.99	0.3%
Sovereign bonds		
2-year Treasuries	0.15	1pb
10-year Treasuries	1.60	2pb
28-day Cetes	4.14	1pb
28-day TIIE	4.29	0pb
2-year Mbono	4.85	2pb
10-year Mbono	6.77	4pb
Currencies		
USD/MXN	19.95	0.1%
EUR/USD	1.21	-0.3%
GBP/USD	1.41	1.0%
DXY	90.21	0.0%
Commodities		
WTI	64.92	0.0%
Brent	68.32	0.1%
Mexican mix	62.38	0.2%
Gold	1,836.07	0.3%
Copper	471.60	-0.7%

Source: Bloomberg

Corporate Debt

- S&P Global Ratings confirmed the ratings for Xignux at 'BB' and 'mxA+' and revised the outlook to Positive from Stable reflecting its view that the company will maintain the Debt to EBITDA ratio below 2.0x in the following 12 to 18 months
- Crédito Real announced that it successfully renewed two credit lines with BBVA and Mifel. This effort joins to the successfully two renewed credits facilities conducted as of the end of April. All these renewals together surpassed the MXN 1.0 billion mark, allowing further flexibility in the schedule of maturities for the remaining of 2021
- Terracota (Master Manager) notified the amounts available for the partial amortization in FMCARCB 19 (Firma Car ABS) issuance on the following payment date amounting MXN 17.52 million

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>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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