

Financial Markets Daily

May 13, 2021

Main drivers for the financial markets today...

- **Stock markets lower, with the USD presenting small changes and government bond yields higher amid fears of inflationary pressures –especially after yesterday's CPI in the US–, that would force the Fed to normalize its stance earlier than expected**
- **In the US, the 'Colonial' pipeline resumed operations after a cyberattack last weekend, resulting in declines in oil prices. However, shortages are expected through this weekend in some Southeastern states as shipments normalize. Moreover, President Biden will meet with Republican Senators with the goal of reaching a compromise on the infrastructure plan**
- **Cryptocurrencies and related assets declined after comments from Elon Musk against their environmental footprint, adding that Tesla will stop accepting Bitcoin as a payment option**
- **On economic data, in the US attention will focus on April's PPI. Moreover, we will have jobless claims for the last week. Today we have comments from Barkin, Waller and Bullard throughout the day. Regarding monetary policy, we highlight decisions in Chile and Peru, probably joining earlier actions from Hungary and Serbia which maintained their monetary stance unchanged**
- **In Mexico, Banxico will carry out its third decision of the year, expecting they will maintain the rate at 4.00%. It should be noted that the inflation backdrop has turned more challenging since the last meeting, despite improvements for activity and the macrofinancial environment**

Gabriel Casillas
 Chief Economist, Head of Research
 and IRO
 gabriel.casillas@banorte.com

Alejandro Padilla
 Executive Director of Economic
 Research and Financial Markets Strategy
 alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
 Director of Economic Research
 juan.alderete.macal@banorte.com

Manuel Jiménez
 Director of Market Strategy
 manuel.jimenez@banorte.com



www.banorte.com



@analisis_fundam

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
8:30	Producer prices* - Apr	% m/m	--	0.3	1.0
8:30	Ex. food & energy* - Apr	% m/m	--	0.4	0.7
8:30	Initial jobless claims* - May 8	thousands	--	500	498
10:00	Fed's Barkin speaks to Central Maryland Chamber				
12:00	Fed's Waller Discusses U.S. Economic Outlook				
16:00	Fed's Bullard Discusses the U.S. Economic and Policy Outlook				
<i>Mexico</i>					
14:00	Monetary policy decision (Banxico)	%	4.00	4.00	4.00
<i>Chile</i>					
18:00	Monetary policy decision (BCCh)	%	--	0.50	0.50

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	4,060.25	0.0%
Euro Stoxx 50	3,906.79	-1.0%
Nikkei 225	27,448.01	-2.5%
Shanghai Composite	3,429.54	-1.0%
<i>Currencies</i>		
USD/MXN	20.19	0.1%
EUR/USD	1.21	0.1%
DX	90.74	0.0%
<i>Commodities</i>		
WTI	64.64	-2.2%
Brent	67.88	-2.1%
Gold	1,814.75	-0.1%
Copper	468.10	-1.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.69	0pb

Source: Bloomberg

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Equities

- **This Thursday, negative movements are observed in stock markets, as concerns regarding inflationary pressures continue to weigh on the investor sentiment. Meanwhile, of the S&P500 companies, only Walt Disney's report is expected today at the market close**
- **Thus, US futures trade without a clear trend, anticipating a lateral opening, the S&P500 trades with few changes. European stock markets are in the red, with the EuroStoxx down 1.4%, mainly due to the Financial and Energy sector (-2.3% both). BT Group shares declined 4.5% as it missed estimates, while Burberry Group's guidance disappointed**
- **In Asia, the session ended in negative territory, with the Hang Seng down 1.8%, followed by the Shanghai Composite which fell 1.0%**

Sovereign fixed income, currencies and commodities

- **Pressures in global rates with European securities adjusting +3bps, while US Treasuries trade unchanged. In local terms, the Mbonos' curve closed yesterday with a 13bps sell-off, on average, with the 10-year benchmark closing at 6.99% (+11bps)**
- **The USD trades slightly positive amid a mixed performance in G10 currencies with NOK as the weakest (-0.4%). In EM, bias is also mixed with RUB leading gains (+0.4%), while MXN trades unchanged at 20.17 per dollar after a 1.0% depreciation yesterday**
- **Crude-oil adjusts -2.5% as the biggest US pipeline returns to service after a cyberattack that took it offline for five days. In metals, industrials print a negative balance with losses of up to 3.5% in nickel, while gold trades stable**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,587.66	-2.0%
S&P 500	4,063.04	-2.1%
Nasdaq	13,031.68	-2.7%
IPC	48,748.41	-1.8%
Ibovespa	119,710.00	-2.6%
Euro Stoxx 50	3,947.43	0.0%
FTSE 100	7,004.63	0.8%
CAC 40	6,279.35	0.2%
DAX	15,150.22	0.2%
Nikkei 225	28,147.51	-1.6%
Hang Seng	28,231.04	0.8%
Shanghai Composite	3,462.75	0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	0.16	0pb
10-year Treasuries	1.69	7pb
28-day Cetes	4.08	-7pb
28-day TIE	4.29	0pb
2-year Mbono	4.97	3pb
10-year Mbono	7.00	11pb
<i>Currencies</i>		
USD/MXN	20.17	1.0%
EUR/USD	1.21	-0.6%
GBP/USD	1.41	-0.6%
DXY	90.71	0.6%
<i>Commodities</i>		
WTI	66.08	1.2%
Brent	69.32	1.1%
Mexican mix	63.26	1.3%
Gold	1,815.69	-1.2%
Copper	473.60	-0.5%

Source: Bloomberg

Corporate Debt

- **Today we expect the auction of two unsecured bonds from Cetelem, CETELEM 21 / 21-2, for an amount up to MXN 2.0 billion, with a 2.5-year term, with a floating and fixed rate, respectively. The issuances are rated at 'mxAAA/AAA(mex)' by S&P Global and Fitch Ratings**
- **Fitch Ratings affirmed Ford Credit de México's ratings at 'AA-(mex)' and 'F1+(mex)' and revised the long-term rating outlook to Stable from Negative. The outlook revision follows a similar action taken to its holding company, Ford Motor Company ('BB+')**
- **S&P Global Ratings confirmed Nemak's ratings at 'BB+' and 'mxAA-' and revised the outlook to Stable from Negative, reflecting its view that production volume will continue to recover as the product combination improves and access to EV segment market will increase**

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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Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
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Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Senior Strategist, Equity	valentin.mendoza@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x 2755
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454