

Financial Markets Daily

May 18, 2021

Main drivers for the financial markets today...

- **Positive stock markets, USD down and government bond yields little changed, as optimism about the economic recovery and important M&A news outweighed concerns about rising COVID-19 cases in certain countries, as well as inflationary fears**
- **Regarding the pandemic, yesterday President Biden announced, for the first time, that he will be sending vaccines authorized by the *FDA* (as is the case of *Pfizer*, *Moderna* and *Johnson & Johnson*) to other countries. Until now, doses planned to be sent abroad had been of the *AstraZeneca* vaccine, not licensed for use in the US**
- **In terms of economic figures, markets will focus on housing data in the US while the *Fed Speakers* agenda includes Kaplan's intervention in a panel moderated by Bostic. On other issues, focus will be on the Republican Senators' counter offer to Biden's infrastructure package. While Janet Yellen, Secretary of the Treasury, will present the package to the Chamber of Commerce**
- **In Mexico, INEGI published its *Timely Indicator of Economic Activity* for April, suggesting a 20.6% y/y expansion (seasonally adjusted) of the economy. By sectors, they expect industry at +34.5%, with services at +16.4%. These figures are strongly distorted by the pandemic in 2020**

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
Eurozone and UK					
2:00	UK Unemployment rate* - Mar	%	--	4.9	4.9
5:00	EZ Trade balance* - Mar	EURbn	--	19.1	18.4
5:00	EZ Gross domestic product - 1Q21 (F)	% y/y	--	-1.9	-1.8
5:00	EZ Gross domestic product* - 1Q21 (F)	% q/q	--	-6.0	-0.6
Mexico					
7:00	Timely Indicator of Economic Activity* - Apr	% y/y	--	--	-2.1
10:00	International reserves - May 14	US\$bn	--	--	195.1
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Nov'47); 20-year Udibono (Nov'35) and 1, 3, and 5-year Bonds D				
United States					
8:30	Housing starts** - Apr	thousands	--	1,705	1,739
8:30	Building permits** - Apr	thousands	--	1,770	1,759
11:05	Fed's Kaplan in Panel Discussion at Atlanta Fed Conference				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,169.25	0.3%
Euro Stoxx 50	4,020.47	0.3%
Nikkei 225	28,406.84	2.1%
Shanghai Composite	3,529.01	0.3%
<i>Currencies</i>		
USD/MXN	19.75	-0.2%
EUR/USD	1.22	0.5%
DX	89.86	-0.3%
<i>Commodities</i>		
WTI	66.55	0.4%
Brent	69.85	0.6%
Gold	1,867.27	0.0%
Copper	476.90	1.0%
<i>Sovereign bonds</i>		
10-year Treasury	1.65	0pb

Source: Bloomberg

Document for distribution among public

Equities

- **Stock markets with positive movements, driven by growth expectations in view of economic reopenings, boosting optimism among investors, thus mitigating concerns about higher cases of Covid-19 in some areas of Asia. In this sense, US futures anticipate an upward opening, with the Nasdaq leading the advance with +0.7%, followed by S&P500 with an increase of 0.3%**
- **Europe, on the other hand, shows widespread gains, with the EuroStoxx climbing 0.3%. Energy and Technology sector stocks drive gains with +1.1% and +1.0%, respectively. Meanwhile, Asia concluded the session positive, highlighting the Taiwan index, which rose 5.2%**
- **On the corporate front, of the 4 S&P500 companies that report today, Home Depot and Walmart Inc beat expectations, while Take-Two Interactive and Steris are expected later in the day**

Sovereign fixed income, currencies and commodities

- **Modest positive balance in global rates with European securities adjusting - 2bps, while US Treasuries trade with gains of 1bp in the belly of the curve. In local terms, the Mbonos' curve closed yesterday with a 4bps sell-off, on average, in mid-term securities, while the 10-year benchmark closed at 6.85% (unchanged)**
- **The USD trades negative (DXY -0.3%) amid a favorable performance in G10 currencies with NZD as the strongest (+0.7%). In EM, bias is positive with HUF leading gains (+0.8%), while MXN trades at 19.75 per dollar (+0.2%) reaching its lowest level since January**
- **Brent topped 70 \$/bbl, its highest level since mid-2019, following signs of optimism about demand recovery during the summer. In metals, the balance in industrials is positive with copper reaching fresh highs, while gold trades above its 200-day moving average at 1,870 \$/oz t (+0.2%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,327.79	-0.2%
S&P 500	4,163.29	-0.3%
Nasdaq	13,379.05	-0.4%
IPC	49,371.98	0.3%
Ibovespa	122,937.90	0.9%
Euro Stoxx 50	4,006.84	-0.3%
FTSE 100	7,032.85	-0.2%
CAC 40	6,367.35	-0.3%
DAX	15,396.62	-0.1%
Nikkei 225	27,824.83	-0.9%
Hang Seng	28,194.09	0.6%
Shanghai Composite	3,517.62	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	1pb
10-year Treasuries	1.65	2pb
28-day Cetes	4.12	4pb
28-day TIE	4.29	0pb
2-year Mbono	4.99	-2pb
10-year Mbono	6.88	1pb
<i>Currencies</i>		
USD/MXN	19.78	-0.4%
EUR/USD	1.22	0.1%
GBP/USD	1.41	0.3%
DXY	90.16	-0.2%
<i>Commodities</i>		
WTI	66.27	1.4%
Brent	69.46	1.1%
Mexican mix	63.55	1.5%
Gold	1,866.90	1.3%
Copper	471.15	1.2%

Source: Bloomberg

Corporate Debt

- **CEMEX reported that, through consolidated special purpose vehicles, it issued full amortization notices regarding: the redeemable Perpetual Notes with a fixed to variable rate of 6.96% for US\$61.13 million; the redeemable Perpetual Notes with a fixed to variable rate of 6.64% for US\$135.38 million; the Perpetual Notes redeemable at a fixed to variable rate of 6.722% for US\$174.68 million; and the Perpetual Notes of redeemable fixed to variable rate of 6.277% for €63.73 million**
- **Fitch Ratings ratified CSBCB 17 (Consubanco's ABS) rating at 'AAA (mex)'; the outlook is Stable. The rating action on the issuance is based on the stability observed in the credit protection and the performance of the securitized assets**

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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
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>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.

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
-------------------------	-----------------------------	----------------------------	------------------

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
Valentin 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.ceballos@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