

Financial Markets Daily

May 20, 2021

Main drivers for the financial markets today...

- Stock markets and government bond yields with little changes, with the USD slightly lower reflecting "the calm after the storm", after yesterday's important selloff in cryptoassets and digesting Fed's minutes. Oil prices are down after comments from Iran about a possible agreement to end the sanctions
- Regarding economic figures, in the US, the Philly Fed regional manufacturing indicator for May will be released. We estimate it at 43pts, below the level of 50.2pts observed the previous month. While the sector continues to grow, it faces severe constraints derived from supply chain distortions and labor shortages. Jobless claims for the week ending May 15 will also be published. Consensus estimates levels of 450k below the 473k of the previous week, confirming the labor market's rebound
- On the monetary policy front, Kaplan's intervention stands out on the Fed Speakers agenda. Meanwhile, there will be monetary policy decision by South Africa's central bank, where more probabilities are assigned to an increase in the reference rate this year, after the inflation report published yesterday was higher than expected, placing the real rate in negative territory, for the first time in five years
- In other topics, focus will be on the interventions of Kristalina Georgieva and Christine Lagarde at the Economic Dialogue in Vienna. In other regions, S&P cut to junk Colombia's credit rating, taking away the investment grade rating the nation enjoyed for a decade
- In Mexico, the Citibanamex expectations survey will be released

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
4:00	Current account* - Mar	EURbn	--	--	25.9
<i>United States</i>					
8:30	Philadelphia Fed* - May	index	43.0	41.5	50.2
8:30	Initial jobless claims* - May 15	thousands	--	455	473
<i>Mexico</i>					
15:30	Survey of expectations (Citibanamex)				
<i>South African</i>					
	Monetary policy decision (South African Reserve Bank)	%	--	3.50	3.50

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	4,104.00	-0.2%
Euro Stoxx 50	3,963.93	0.7%
Nikkei 225	28,098.25	0.2%
Shanghai Composite	3,506.94	-0.1%
<i>Currencies</i>		
USD/MXN	19.88	-0.2%
EUR/USD	1.22	0.2%
DX	90.01	-0.2%
<i>Commodities</i>		
WTI	62.68	-1.1%
Brent	65.83	-1.2%
Gold	1,871.83	0.1%
Copper	461.80	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.66	-1pb

Source: Bloomberg

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Equities

- **This Thursday stock markets are mixed, though positively biased, as investors assimilate Fed minutes and weigh the possibility of a reduction in stimulus against the signs of economic recovery**
- **In this context, US futures are poised for its fourth straight negative session, as those of the S&P500 trade 0.2% below their fair value. Meanwhile, the Euro Stoxx advances 0.7%, driven by gains in defensive sectors offsetting drops in commodity-related and travel stocks**
- **Asia, on the other hand, also had a mixed session. The Nikkei advanced 0.2% against a 0.1% drop in the Shanghai Composite**

Sovereign fixed income, currencies and commodities

- **Global rates with a mixed performance, European assets with losses of up to 2bps while the Treasury yield curve records mixed movements. Yesterday, the Mbonos curve closed with pressures of 4bps on average with losses concentrated in short- and mid-term maturities**
- **The dollar trades with slight losses (BBDXY -0.2%) allowing a moderate advance in G10 currencies, with CHF leading the gains (+0.4%). In EM, performance is mixed with IDR as the weakest (-0.6%) while MXN trades at 19.89 per dollar appreciating 0.2%**
- **Oil prices retreat 1.9% on comments from Iran's president that a general agreement has been reached to end sanctions. In metals, gold trades at 1,868 \$/oz t (-0.1%) while in industrials the negative bias prevails**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,896.04	-0.5%
S&P 500	4,115.68	-0.3%
Nasdaq	13,299.74	0.0%
IPC	49,382.25	-0.8%
Ibovespa	122,636.30	-0.3%
Euro Stoxx 50	3,936.74	-1.7%
FTSE 100	6,950.20	-1.2%
CAC 40	6,262.55	-1.4%
DAX	15,113.56	-1.8%
Nikkei 225	28,044.45	-1.3%
Hang Seng	28,593.81	0.0%
Shanghai Composite	3,510.97	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.16	1pb
10-year Treasuries	1.67	3pb
28-day Cetes	4.07	2pb
28-day TIIE	4.29	0pb
2-year Mbono	5.11	4pb
10-year Mbono	6.90	4pb
<i>Currencies</i>		
USD/MXN	19.93	0.4%
EUR/USD	1.22	-0.4%
GBP/USD	1.41	-0.5%
DXY	90.19	0.5%
<i>Commodities</i>		
WTI	63.36	-3.3%
Brent	66.66	-3.0%
Mexican mix	60.91	-3.3%
Gold	1,869.62	0.0%
Copper	457.65	-3.2%

Source: Bloomberg

Corporate Debt

- **Grupo Axo informed that it agreed to a capital investment by BlackRock, who will subscribe and pay shares representing 2.98% of the capital stock, and will have the option to subscribe and pay 0.82% of additional shares**
- **Grupo HYC reported that the Inter-American Development Bank (IDB) and the Ministry of Health of El Salvador, notified the resolution by means of which the consortium was awarded the development of the project called 'Hospital Nacional de Zona Norte de San Salvador' for a amount of US\$24 million**
- **Fitch Ratings commented that the announcement of the acquisition of Smart & Final Holdings will have a neutral impact on Grupo Comercial Chedraui's ratings**

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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
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>

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