

Financial Markets Daily

May 24, 2021

Main drivers for the financial markets today...

- Stock markets with small changes and positive bias, with modest adjustments in the USD and government bond yields as well, while investors look for signals to develop their investment strategies ahead
- The price of iron ore falls due to China's announcement that they will not tolerate speculation, helping today's positive sentiment in the stock market, as well as the recovery in crypto asset prices, after a strong decline during the weekend
- This week's attention will focus on Banxico's minutes, the monetary policy decisions of Hungary, Indonesia, New Zealand and South Korea, as well as President Joe Biden's speech on the economy
- Moreover, Eurozone leaders will discuss a plan to reduce greenhouse emissions by 2030, WHO members will analyze the evolution of the pandemic, executives of major US banks will testify before legislators, and the 2022 fiscal budget of President Joe Biden will be published
- Regarding economic data, the US will publish consumer confidence from the Conference Board and University of Michigan (May), along durable goods, personal income and spending, housing figures and trade balance (Apr), GDP (1Q21), and speeches by Fed members
- In Mexico, inflation in the first half of May stood at -0.01% 2w/2w, above market expectations. In coming days, the focus will be on the trade balance, National Survey of Occupation and Employment and public finance report (Apr), revised GDP and current account (1Q21) and the GDP monthly proxy IGAE (Mar)

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Consumer prices - May 15	% 2w/2w	0.00	-0.15	0.25
7:00	Core - May 15	% 2w/2w	0.24	0.16	0.17
7:00	Consumer prices - May 15	% y/y	5.81	5.66	6.12
<i>United States</i>					
9:00	Fed's Brainard, speaks at crypto currency conference				
11:00	Fed's Mester speaks on diversity and Central Bank communication				
12:00	Fed's Bostic, discusses policy response to COVID-19				
17:00	Fed's George speaks at Argicultural Symposium				

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

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,169.75	0.4%
Euro Stoxx 50	4,024.22	0.0%
Nikkei 225	28,364.61	0.2%
Shanghai Composite	3,497.28	0.3%
<i>Currencies</i>		
USD/MXN	19.97	0.1%
EUR/USD	1.22	0.2%
DX	89.94	-0.1%
<i>Commodities</i>		
WTI	64.60	1.6%
Brent	67.51	1.6%
Gold	1,880.15	-0.1%
Copper	449.95	0.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.61	-1pb

Source: Bloomberg

Equities

- **Equity markets kicked-off the week with a mixed performance and small changes, amid low volumes due to a holiday in several European countries (Germany, Austria, Belgium, Denmark, Norway and Switzerland). Investors await some catalyst that defines the trend in stocks, while attention continues on the global economic recovery, the evolution of inflation and the coronavirus, as well as on the performance of cryptocurrencies after a sharp fall during the weekend**
- **In Asia, markets closed mixed. In Europe stocks are also trading in this fashion. Shares from technology and consumer staples sectors led gains, while those from energy and utilities are showing the most significant losses. In turn, US futures of main indices point to a positive open, rising 0.4% on average**
- **In Mexico, the Mexbol may stand above the 49,900 pts**

Sovereign fixed income, currencies and commodities

- **Positive balance in global rates, with European securities adjusting -1bp, while US Treasuries print gains of 1bp in the 10-year zone. In Mexico, the Mbonos' curve closed last week with a +11bps sell-off, on average, in short- and mid-term securities**
- **The USD trades with few changes amid a mixed performance in G10 currencies, with NOK as the strongest (+0.3%). In EM, bias is also mixed with HUF leading gains (+0.5%), while MXN trades at 19.97 per dollar (-0.1%) after a 0.5% weekly depreciation**
- **Crude-oil prints gains of 1.6% due to differences lingering on adding Iran to the nuclear deal. Industrial metals print generalized losses, while gold adjusts -0.1% although it trades above its 200-day moving average at 1,880 \$/oz t**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,207.84	0.4%
S&P 500	4,155.86	-0.1%
Nasdaq	13,470.99	-0.5%
IPC	49,778.82	-0.3%
Ibovespa	122,592.50	-0.1%
Euro Stoxx 50	4,025.78	0.6%
FTSE 100	7,018.05	0.0%
CAC 40	6,386.41	0.7%
DAX	15,437.51	0.4%
Nikkei 225	28,317.83	0.8%
Hang Seng	28,458.44	0.0%
Shanghai Composite	3,486.56	-0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	1pb
10-year Treasuries	1.62	0pb
28-day Cetes	4.08	0pb
28-day TIIE	4.28	1pb
2-year Mbono	5.10	0pb
10-year Mbono	6.86	-3pb
<i>Currencies</i>		
USD/MXN	19.95	0.4%
EUR/USD	1.22	-0.4%
GBP/USD	1.42	-0.3%
DX	90.02	0.2%
<i>Commodities</i>		
WTI	63.58	2.5%
Brent	66.44	2.0%
Mexican mix	60.52	1.7%
Gold	1,881.25	0.2%
Copper	448.10	-1.9%

Source: Bloomberg

Corporate Debt

- **In the last week of May, we anticipate dynamism in auctions, with close to MXN 12 billion through nine long-term bonds, which could be increased if the maximum amount of CFE issuances are assigned. If these placements take place, the amount issued in May could be the highest in a single month in the last three years**
- **HR Ratings assigned the rating of 'HR A-' and 'HR2' to Grupo Minsa with a Stable Outlook, supported by increasing revenue generation and stability in the Company's EBITDA margin**
- **Failure to pay full accrued interest on the HSBCCB 07-4 (HSBC RMBS) issuance on May 20. The bond has been rated at 'D (mex)' since September 2018**

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, 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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