

Financial Markets Daily

June 2, 2021

Main drivers for the financial markets today...

- **Markets in general with small changes and crude oil prices higher amid doubts about the current macroeconomic situation among global portfolio managers about how much stock markets have discounted the economic recovery and how much fixed-income markets have taken into account inflationary pressures**
- **Today, Joe Biden will meet with Senator Capito (Republican) to discuss the infrastructure plan. In other news, US Treasury Secretary, Janet Yellen, met with China's Vicepremier, Liu He, talking about "relevant issues"**
- **Also yesterday in the US, the largest meat processor, JBS, was hacked, which resulted in them having to shut-down operations. They expect to resume activities in most of their plants today. This, among other supply issues leads us to believe that there could be a slowdown on the economic expansion**
- **On economic data, in the US we will only have vehicle sales. Nevertheless, we have speeches from Harker, Evans, Bostic, and Kaplan through the day. In addition, the Fed will also publish the Beige Book**
- **The ECB published a report on the role of the Euro, elaborating on the part the currency plays in the global economy as well as presenting a detailed analysis over the possibility of issuing a digital currency**
- **In Mexico, attention on Banxico's 1Q21 Quarterly Report, expecting upward revisions on growth and inflation forecasts**

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

Alejandro Padilla
 Executive Director of Economic
 Research and Financial Market 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>Brazil</i>					
8:00	Industrial production - Apr	% y/y	--	36.5	10.5
8:00	Industrial production* - Apr	% m/m	--	-0.1	-2.5
<i>United States</i>					
12:00	Fed's Harker Speaks at Fed Forum on Racism and the Economy				
12:00	Fed's Harker Discusses the Economic Outlook				
14:00	Beige Book				
14:00	Evans, Bostic and Kaplan on Panel at Fed Forum on Racism				
	Total vehicle sales** - May	thousands	--	17.3	18.5
<i>Mexico</i>					
13:00	Banxico's Quarterly Report				
<i>China</i>					
21:45	Services PMI (Caixin)* - May	index	--	56.0	56.3
21:45	Composite PMI (Caixin)* - May	index	--	--	54.7

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.

Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,201.75	0.1%
Euro Stoxx 50	4,075.00	0.1%
Nikkei 225	28,946.14	0.5%
Shanghai Composite	3,597.14	-0.8%
<i>Currencies</i>		
USD/MXN	19.96	0.0%
EUR/USD	1.22	-0.2%
DX	90.08	0.3%
<i>Commodities</i>		
WTI	68.28	0.8%
Brent	71.07	1.2%
Gold	1,904.10	0.2%
Copper	461.50	-0.8%
<i>Sovereign bonds</i>		
10-year Treasury	1.60	-1pb

Source: Bloomberg

Equities

- **Stock markets mixed and positively biased, in a context where the main equity indices continue to hover around record highs amid solid economic growth, easy monetary conditions, and high liquidity from stimulus; while concerns about inflationary pressures and how the Fed may respond continue to dampen optimism among investors**
- **In the US, futures registered small changes, with those of the S&P500 remaining virtually flat. AMC shares extended gains in the premarket (+21%) after raising US\$230.5 million from share sale to Mudrick Capital**
- **In Europe, the Stoxx 600 rises 0.1%, supported by advances in the automotive and energy sectors. Asian markets closed mixed, where the Nikkei rose 0.5% and the Shanghai Comp fell 0.8%**

Sovereign fixed income, currencies and commodities

- **Few variations in sovereign bonds holding a modest positive balance in European securities, while US Treasuries register a similar performance after resuming its trading yesterday under pressures along the curve. In yesterday's session Mbonos adjusted +2bps, on average**
- **The USD strengthens under weak performance across the whole G10 currency group with NZD leading losses (-0.6%), while in EM FX balance is also negative with TRY underperforming (-0.9%). USD/MXN stands practically unchanged at 19.96**
- **Crude oil holds a positive balance gaining ~1% in the WTI and Brent, after reaching its highest levels in more than two years yesterday as the market assimilated a strong demand outlook from OPEC+, who will hold its strategy of gradual production increases. Metals trade mostly negative, though under narrow ranges**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,575.31	0.1%
S&P 500	4,202.04	0.0%
Nasdaq	13,736.48	-0.1%
IPC	50,722.35	-0.3%
Ibovespa	128,267.10	1.6%
Euro Stoxx 50	4,071.75	0.8%
FTSE 100	7,080.46	0.8%
CAC 40	6,489.40	0.7%
DAX	15,567.36	0.9%
Nikkei 225	28,814.34	-0.2%
Hang Seng	29,468.00	1.1%
Shanghai Composite	3,624.71	0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	1pb
10-year Treasuries	1.61	1pb
28-day Cetes	4.02	-5pb
28-day TIIIE	4.28	0pb
2-year Mbono	4.93	0pb
10-year Mbono	6.58	-1pb
<i>Currencies</i>		
USD/MXN	19.97	0.1%
EUR/USD	1.22	-0.1%
GBP/USD	1.42	-0.4%
DX	89.83	0.0%
<i>Commodities</i>		
WTI	67.72	2.1%
Brent	70.25	1.3%
Mexican mix	64.40	1.2%
Gold	1,900.44	-0.3%
Copper	465.35	-0.5%

Source: Bloomberg

Corporate Debt

- **For today, the placement of FHIPOCB 21 (Fhipo's RMBS) is expected for an amount of up to MXN 2.5 billion with a legal term of 30 years, with an initial and target over-collateral of 14.0%. The structure has HiTo as Master Administrator. The bond is rated 'mxAAA / Aaa.mx / HR AAA' by S&P Global Ratings, Moody's de México and HR Ratings**
- **HR Ratings ratified Chedraui's ratings at 'HR AA +' and 'HR + 1', and also modified the outlook from Stable to Review in Process. According to the agency, it is because HR Ratings must evaluate the impact of the Smart & Final acquisition once it is carried out. The agency will pay special attention to: i) the corporate structure after the acquisition, ii) potential changes in strategy and operation, and iii) impact on debt levels**

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.

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.

GRUPO FINANCIERO BANORTE S.A.B. de 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 Market 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
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