

Financial Markets Daily

June 7, 2021

Main drivers for the financial markets today...

- **Stock markets with small changes & negative bias, USD with small changes and government bond yields positive as market participants digest the G-7 agreement to impose a minimum corporate tax rate of 15% and the slower growth of Chinese exports, while COVID-19 cases decline**
- **During the week, markets will focus on the G-7 leaders' summit, the meeting between VP Kamala Harris and president Andrés Manuel López-Obrador, important CPI data in the US, Mexico and China (May), and the ECB's monetary policy decision. Likewise, investors will digest the results of the midterm elections in Mexico**
- **Additionally, interest in monetary policy decisions in Canada, Poland, Russia, Chile and Peru. In the energy front, special attention to the monthly reports by OPEC and EIA**
- **In the rest of the economic agenda, the US will release trade balance and consumer credit reports (Apr), in tandem with the monthly budget statement (May), consumer confidence from the University of Michigan (Jun) and initial jobless claims**
- **In the Eurozone, the main drivers will come from GDP and employment figures (1Q21), as well as the ZEW survey (June). In China, the trade balance will be published (May)**
- **In Mexico, March's gross fixed investment and private consumption were released, standing at 2.3% and 2.8% m/m, respectively. In coming days, focus on industrial activity (Apr), ANTAD's same store sales, employment affiliated to IMSS and wage negotiations (May), as well as the bi-weekly survey from Citibanamex**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Gross fixed investment* - Mar	% m/m	2.7	--	2.4
7:00	Private consumption* - Mar	% m/m	--	--	-0.2
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
15:00	Consumer credit* - Apr	US\$bn	--	20.0	25.8

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	4,078.25	0.0%
Euro Stoxx 50	4,099.95	0.3%
Nikkei 225	29,019.24	0.3%
Shanghai Composite	3,599.54	0.2%
<i>Currencies</i>		
USD/MXN	19.79	-0.9%
EUR/USD	1.22	0.0%
DX	90.15	0.0%
<i>Commodities</i>		
WTI	69.38	-0.3%
Brent	71.59	-0.4%
Gold	1,886.74	-0.3%
Copper	448.55	-1.0%
<i>Sovereign bonds</i>		
10-year Treasury	1.58	2pb

Source: Bloomberg

Equities

- **Stock indices are starting the week with mixed variations, though with certain negative bias, as investors are assimilating the deal agreed among G-7 members over a minimum corporate tax of at least 15% on foreign earnings, particularly over tech firms. As such, futures in the US anticipate a slightly negative opening with the S&P500 trading 0.1% below its theoretical value**
- **In Asia the trading session concluded with mixed variations, standing out the 0.5% drop in the Hang Seng, while the Shanghai Index in China rose 0.2% after diverse trade balance figures. In Europe we observe modest widespread gains**
- **In corporate news, Gap and Oma reported its May passenger's traffic, which came in better than expected, so it should be welcomed by the market**

Sovereign fixed income, currencies and commodities

- **Pressures in global rates with European assets adjusting +2bps, while US Treasuries print a 2bps sell-off in the longest-end of the yield curve. In local terms, the Mbonos' curve closed last week with a rally of 6bps, on average, with 10-year benchmark ending at 6.62% (-2bps)**
- **The USD trades negative (BBDXY -1.0%) amid a favorable performance in G10 currencies with NOK leading gains (+0.6%). In EM, bias is mixed where MXN trades as the strongest currency reaching intraday levels not seen since May at 19.78 per dollar (+0.9%)**
- **Crude-oil falls 0.3% after a strong weekly rally supported by an optimism outlook in demand. Industrial metals print widespread losses of 1.0%, while gold trades at 1,886 \$/oz t (-0.3%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,756.39	0.5%
S&P 500	4,229.89	0.9%
Nasdaq	13,814.49	1.5%
IPC	50,484.35	-0.3%
Ibovespa	130,125.80	0.4%
Euro Stoxx 50	4,089.38	0.2%
FTSE 100	7,069.04	0.1%
CAC 40	6,515.66	0.1%
DAX	15,692.90	0.4%
Nikkei 225	28,941.52	-0.4%
Hang Seng	28,918.10	-0.2%
Shanghai Composite	3,591.85	0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.14	-1pb
10-year Treasuries	1.55	-7pb
28-day Cetes	4.03	1pb
28-day TIIE	4.28	0pb
2-year Mbono	4.94	-4pb
10-year Mbono	6.63	-6pb
<i>Currencies</i>		
USD/MXN	19.96	-1.0%
EUR/USD	1.22	0.3%
GBP/USD	1.42	0.4%
DX	90.14	-0.4%
<i>Commodities</i>		
WTI	69.62	1.2%
Brent	71.89	0.8%
Mexican mix	66.08	1.0%
Gold	1,891.59	1.1%
Copper	452.90	1.5%

Source: Bloomberg

Corporate Debt

- **In the following weeks we expect a pause in auctions, resuming in the second half of June**
- **Fibra Mty announced the agreement for two acquisitions for MXN 1.96 billion, as well as the disposal of an asset for MXN 70 million. Fibra Mty has an outstanding bond in the long-term debt market, FMTY 20D, with an outstanding amount of US\$ 100 million**
- **Fitch Ratings ratified Inmuebles Carso rating and its issuances at 'AA+ (mex)'. The outlook is stable. According to the agency, the ratings are based on its ability to generate stable rental income and income from property sales, coupled with a strengthened balance sheet structure**

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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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