

# Financial Markets Daily

June 8, 2021

## Main drivers for the financial markets today...

- **Mixed stock markets, with small changes, government bond yields down and USD up, with investors discussing the current inflationary backdrop in the world - ahead of the US May CPI report to be released on Thursday - and the implications for the Federal Reserves' future policy stance. Oil prices fell for a second day after reaching highs of more than two years last week**
- **Today's attention is on US Vice President, Kamala Harris, visit to Mexico to meet with President, Andrés Manuel López Obrador. The two leaders will talk about how the US and Mexico can cooperate on Northern Triangle affairs and on deepening the bilateral relationship, including economic and security issues**
- **Regarding economic figures, the US trade balance for April will be released. Consensus estimates it to post a US\$ 68.7 billion deficit. While, in Germany, April's industrial production fell 1.0% m/m, below consensus estimate of a 0.4% m/m advance, bringing the annual variation to 26.4%, amid a low base of comparison due to the onset of the pandemic in early 2020**
- **In Brazil, focus will be on the retail sales report for the fourth month of the year, where consensus expects a contraction of 0.3% m/m, with the annual variation standing at 18.4%. Finally, in China, May inflation will be published tonight. Annual variation is estimated at 1.6%, from 0.9% previously**
- **Chile's central bank will announce its monetary policy decision today**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
	US Vicepresident, Kamala Harris, visits Mexico				
Eurozone					
2:00	GER Industrial Production* - Apr	% m/m	--	0.4	2.5
5:00	GER ZEW Survey (expectations) - Jun	index	--	86.0	84.4
United States					
8:30	Trade balance* - Apr	US\$bn	--	-74.0	-74.4
Mexico					
10:00	International reserves-44351	US\$bn	--	--	194.2
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'26) and 10-year Udibono (Nov'31)				
Chile					
18:00	Monetary policy decision (BCCh)	%	--	0.50	0.50
China					
21:30	Consumer prices - May	% y/y	--	1.6	0.9

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	4,232.00	0.2%
Euro Stoxx 50	4,109.11	0.3%
Nikkei 225	28,963.56	-0.2%
Shanghai Composite	3,580.11	-0.5%
<i>Currencies</i>		
USD/MXN	19.75	-0.3%
EUR/USD	1.22	-0.1%
DX	90.06	0.1%
<i>Commodities</i>		
WTI	68.67	-0.8%
Brent	70.91	-0.8%
Gold	1,899.31	0.0%
Copper	450.15	-0.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.54	-3pb

Source: Bloomberg

## Equities

- **Mixed movements in equity markets as investors are cautious and focus on the possible impact of inflationary pressures on monetary policy decisions, in light of the US CPI report to be published next Thursday**
- **In Asia, most of the markets closed negative. In Europe stocks advance, the Euro Stoxx adds 0.3%. Shares from real estate and technology sectors lead gains, while those from energy and financials superhead losses. In turn, in the US the futures of main indices are mixed and show small changes (+0.1% on average)**
- **In Mexico, Alpek announced the acquisition of a Carbon Lite recycling plant in the US for US\$96 million, which reaffirms it as the largest PET recycler in America. On the other hand, Asur released its May passenger traffic with a better performance than expected**

## Sovereign fixed income, currencies and commodities

- **Positive performance in global rates registering gains of ~1bp in European securities while the US Treasuries' curve appreciates 1-3bps with the long-end outperforming. Yesterday Mbonos rallied 7bps, on average**
- **The USD strengthens modestly amid a mostly weak performance in G10 currencies, although under narrow ranges and with NZD being the most pressured (0.3%). In EM balance is similar, however some currencies manage to advance including USD/MXN gaining 0.3% to 19.75**
- **Crude oil prices fall for the second consecutive session with the market taking profits from gains in the last weeks which led main benchmarks to their highest levels in more than two years. Focus today to the EIA monthly report and weekly API inventories. Precious metals trade mostly down while copper gains modestly**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,630.24	-0.4%
S&P 500	4,226.52	-0.1%
Nasdaq	13,881.72	0.5%
IPC	51,427.64	1.9%
Ibovespa	130,776.30	0.5%
Euro Stoxx 50	4,097.65	0.2%
FTSE 100	7,077.22	0.1%
CAC 40	6,543.56	0.4%
DAX	15,677.15	-0.1%
Nikkei 225	29,019.24	0.3%
Hang Seng	28,787.28	-0.5%
Shanghai Composite	3,599.54	0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	1pb
10-year Treasuries	1.57	2pb
28-day Cetes	4.02	-1pb
28-day TIIE	4.28	0pb
2-year Mbono	4.90	-4pb
10-year Mbono	6.56	-8pb
<i>Currencies</i>		
USD/MXN	19.81	-0.8%
EUR/USD	1.22	0.2%
GBP/USD	1.42	0.2%
DX-Y	89.95	-0.2%
<i>Commodities</i>		
WTI	69.23	-0.6%
Brent	71.49	-0.6%
Mexican mix	65.71	-0.6%
Gold	1,899.21	0.4%
Copper	452.65	-0.1%

Source: Bloomberg

## Corporate Debt

- **HR Ratings affirmed the rating for Puebla's Elevated Bypass' Future Flow, LEPCB 18, at 'HR AAA (E)' with a Stable outlook. The affirmation is based on the stress level that the payment source can withstand**
- **PCR Verum assigned the 'AA/M' rating to Banco Actinver's issuance, BACTIN 21, with a Stable outlook. The rating reflects the strong support the bank would receive from its holding company, Grupo Financiero Actinver**
- **Alpek announced it acquired the PET recycling and pelletizing plant from CarbonLite Recycling LLC in Reading, Pennsylvania in the United States. The site was acquired for US\$96 million**

## 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
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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