

# Financial Markets Daily

June 9, 2021

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

- **Stock markets mixed with positive bias, with the USD and government bond yields lower, showing slightly lower risk aversion, but still in a 'wait and see' mood ahead of the publication of May CPI in the US tomorrow, which could show an annual rate not seen since 1993**
- **In this backdrop, it is worth noting that May's PPI in China came in at its highest annual rate since 2016, but it also showed a slow passthrough to consumer prices. In Mexico, May's inflation stood at 0.20% m/m, above market expectations. With this, the annual rate fell to 5.89% from 6.08% in April**
- **Few data today, highlighting only May's PPI in Japan and wholesale inventories in the US. No comments by Fed members as the silence period before next week's decision has started. Investors watching also Joe Biden's speech in London, who is in a European trip**
- **In other news, the US Senate approved yesterday a bill to invest about US\$250 billion in bolstering US manufacturing and technology to meet the strategic challenges from China. Despite this agreement, it is still uncertain if the proposal will pass in the House of Representatives**
- **In the trade front, president Biden will commit with European leaders to end some disputes in this front, while they will also work with their counterparts to eliminate tariffs to steel and aluminum by the end of this year**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Trade balance - Apr	EURbn	--	16.3	20.5
Mexico					
7:00	Consumer prices - May	% m/m	0.15	0.15	0.33
7:00	Core - May	% m/m	0.48	0.47	0.37
7:00	Consumer prices - May	% y/y	5.83	5.84	6.08
11:30	Extraordinary Cetes auction considering 175-, 273-, 357-, and 721-day securities				
Brazil					
8:00	Consumer prices - May	% m/m	--	0.71	0.31
8:00	Consumer prices - May	% y/y	--	7.93	6.76

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	4,228.75	0.1%
Euro Stoxx 50	4,090.18	-0.1%
Nikkei 225	28,860.80	-0.4%
Shanghai Composite	3,591.40	0.3%
<i>Currencies</i>		
USD/MXN	19.62	-0.4%
EUR/USD	1.22	0.2%
DX	89.97	-0.1%
<i>Commodities</i>		
WTI	70.30	0.4%
Brent	72.49	0.4%
Gold	1,889.72	-0.2%
Copper	451.15	-1.0%
<i>Sovereign bonds</i>		
10-year Treasury	1.50	-3pb

Source: Bloomberg

## Equities

- **Stock markets mixed and positively biased, as major US indices remain near record highs and investors are cautious ahead of the next inflation reading on Thursday to gauge whether price pressures are only temporary as the economy continues to recover**
- **In the US, futures are little changed, with the S&P500 trading at +0.1%. Meme stock mania continues on Clover Health shares, which rise 41% in the premarket. Also, Wendy's continues to increase (+5%) after yesterday's 26% rally**
- **In Europe, the Stoxx 600 declines 0.1%, with the financial sector posting the most significant weakness. In Asia, markets closed mixed, where the Shanghai Comp rose 0.3% against a 0.4% decline in the Nikkei**

## Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds, with European assets appreciating up to 5bps while the US Treasuries' curve gains 1-3bps concentrated in mid- and long-term maturities. Yesterday, the Mbonos yield curve closed with gains of 5bps on average, with the 10-year benchmark ending at 6.50% (-4bps)**
- **The dollar falls slightly (BBDXY -0.2%) allowing a moderate advance in G10 currencies, where CAD leads gains (+0.2%). In EM, the positive bias prevails with HUF being the strongest (+0.6%) while USD/MXN appreciates 0.4% to 19.64**
- **Crude oil rises 0.4% on a favorable demand outlook, with investors' attention on the EIA inventories report. In metals, gold falls 0.2% to 1,890 \$/oz t, while industrials trade lower**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,599.82	-0.1%
S&P 500	4,227.26	0.0%
Nasdaq	13,924.91	0.3%
IPC	50,865.21	-1.1%
Ibovespa	129,787.10	-0.8%
Euro Stoxx 50	4,096.01	0.0%
FTSE 100	7,095.09	0.3%
CAC 40	6,551.01	0.1%
DAX	15,640.60	-0.2%
Nikkei 225	28,963.56	-0.2%
Hang Seng	28,781.38	0.0%
Shanghai Composite	3,580.11	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.53	-4pb
28-day Cetes	4.04	2pb
28-day TIIE	4.29	0pb
2-year Mbono	4.87	-3pb
10-year Mbono	6.51	-5pb
<i>Currencies</i>		
USD/MXN	19.71	-0.5%
EUR/USD	1.22	-0.1%
GBP/USD	1.42	-0.2%
DX-Y	90.08	0.1%
<i>Commodities</i>		
WTI	70.05	1.2%
Brent	72.22	1.0%
Mexican mix	66.22	0.8%
Gold	1,892.89	-0.3%
Copper	455.60	0.7%

Source: Bloomberg

## Corporate Debt

- **Fitch Ratings and S&P Global Ratings affirmed Unifin Financiera's credit ratings on a global scale as 'BB/BB-' and on a national scale as 'A(mex)/mxA-', respectively, with a negative outlook for all ratings, attributed to the country's challenging economic environment as well as the operating environment for small and medium-sized companies**
- **Fitch Ratings affirmed Mexarrend's long-term ratings at 'BBB+(mex)' and the short-term rating at 'F2(mex)'. The long-term outlook is Negative reflecting that the challenging operating environment will continue to weigh on profitability and asset quality**
- **Fitch Ratings affirmed Mercader Financial's ratings at 'A-(mex)' and 'F2(mex)' with a Negative outlook reflecting there still exist risks of operating environment given the lingering economic effects caused by the pandemic on profitability and asset quality**

## 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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