

# Financial Markets Daily

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

- Stock markets and government bond yields higher while the USD is trading mixed, with investors looking for signals about tapering at the upcoming Fed decision on Wednesday, in an environment with some inflationary pressures. Oil trades stronger on more optimism about the economic reopening
- The G7 meeting finished in the weekend with a commitment to boost cooperation in vaccination campaigns against COVID-19, along a stronger language on human rights in China and “destabilizing behavior” by Russia, showing greater unity within the group
- Market participants will focus this week on the Federal Reserve policy decision and Powell’s press conference, in tandem with monetary decisions in Japan, Brazil, Switzerland, Norway, Indonesia and Turkey
- Likewise, there will be special interest in the meeting of NATO member countries, the meeting between Presidents Joe Biden and Vladimir Putin, and presidential elections in Iran
- Additionally, we will be watching US economic reports on retail sales, industrial production and housing (May), as well as the regional manufacturing surveys Empire and Philly Fed (Jun)
- In the Eurozone the most important drivers will come from industrial activity and trade balance (Apr), in addition to CPI (May). In China, gross fixed investment, industrial activity and retail sales (May) will be released
- In Mexico the economic agenda is more limited this week, stressing out only the *Timely Indicator of Economic Activity* (May), as well as aggregate supply and demand (1Q21)

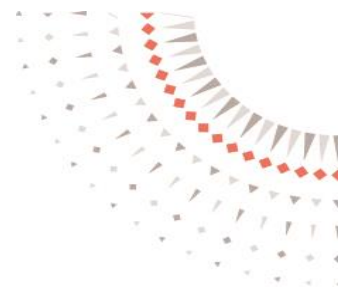
## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	Industrial production* - Apr	% m/m	--	0.4	0.1
<b>Brazil</b>					
8:00	Economic activity - Apr	% y/y	--	18.1	6.3
8:00	Economic activity* - Apr	% m/m	--	1.4	-1.6

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.
<b>Equity indices</b>		
S&P 500 Futures	4,241.25	0.1%
Euro Stoxx 50	4,134.81	0.2%
Nikkei 225	29,161.80	0.7%
Shanghai Composite	3,589.75	0.0%
<b>Currencies</b>		
USD/MXN	19.92	0.2%
EUR/USD	1.21	0.1%
DXY	90.47	-0.1%
<b>Commodities</b>		
WTI	71.39	0.7%
Brent	73.26	0.8%
Gold	1,854.87	-1.2%
Copper	453.25	-0.1%
<b>Sovereign bonds</b>		
10-year Treasury	1.46	1pb

Source: Bloomberg

## Equities

- The week begins with positive returns in stock markets, albeit modest, as investors await the Fed's meeting mid-week, in which they anticipate it will reaffirm the pace of asset purchases, with attention focused on potential signals as to when it will begin to reduce economic stimulus
- In this sense, US futures anticipate a lateral opening, with that of the S&P500 trading with few changes, although slightly positive, after reaching another all-time high in the previous session. Meanwhile, Europe shows upward movements, with the EuroStoxx up 0.2%, led mainly by Energy stocks. Asia ended the session with mixed returns, with China, Hong Kong and Australia closed for holidays. Of note was the Nikkei's 0.7% advance

## Sovereign fixed income, currencies and commodities

- Slight pressures in global rates, with European assets adjusting +2bps while US Treasuries print a 1bps sell-off in the longest-end of the yield curve. In local terms, the Mbonos' curve closed last week with a depreciation of 2bps, on average, with the 10-year benchmark ending at 6.65% (+3bps)
- The USD trades with few changes amid a mixed balance in G10 currencies with NOK leading gains (+0.3%). In EM, bias is negative with ZAR as the weakest currency (-0.6%), while MXN trades at 19.92 per dollar (+0.2%), after a 0.4% weekly appreciation
- Crude-oil gains about 0.7% supported by clear signs of recovery in demand, assimilating vaccination programs in the US and Europe. Industrial metals print a modest positive balance, while gold trades at 1,855 \$/oz t (-1.2%)

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	34,479.60	0.0%
S&P 500	4,247.44	0.2%
Nasdaq	14,069.42	0.4%
IPC	51,286.46	0.8%
Ibovespa	129,441.00	-0.5%
Euro Stoxx 50	4,126.70	0.7%
FTSE 100	7,134.06	0.6%
CAC 40	6,600.66	0.8%
DAX	15,693.27	0.8%
Nikkei 225	28,948.73	0.0%
Hang Seng	28,842.13	0.4%
Shanghai Composite	3,589.75	-0.6%
<b>Sovereign bonds</b>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.45	2pb
28-day Cetes	4.07	-1pb
28-day TIE	4.29	0pb
2-year Mbono	4.95	1pb
10-year Mbono	6.66	6pb
<b>Currencies</b>		
USD/MXN	19.88	0.9%
EUR/USD	1.21	-0.5%
GBP/USD	1.41	-0.5%
DXY	90.56	0.5%
<b>Commodities</b>		
WTI	70.91	0.9%
Brent	72.69	0.2%
Mexican mix	67.11	0.6%
Gold	1,877.53	-1.1%
Copper	453.75	1.2%

Source: Bloomberg

## Corporate Debt

- HR Ratings affirmed AlphaCredit's ABS', ALPHACB 18, ratings at 'HR A+ (E)', maintaining the Negative Watch, after the securities suspension announcement in the BMV
- Notice of total early call for Firma Car's ABS, FMCARCB 19, on June 21st. The bond call is conditioned to the placement of the new bond, FIRMACB 21
- Unifin Financiera announced the signing of an unsecured syndicated loan for US\$67.5 million. The resources obtained will be used to support Unifin's growth and optimize the debt maturity profile

## 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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