

Financial Markets Daily

June 21, 2021

Main drivers for the financial markets today...

- Stock markets, government bond yields & the USD mixed. Stock markets in Asia down in a lagged reaction to Bullard's 'hawkish' comments back on Friday, while Europe and S&P futures slightly positive, as these already reacted to these comments on Friday. However, the quick spread of COVID-19's deadly 'Delta' variant is not supporting a very positive environment
- Few drivers in the day, awaiting comments from James Bullard (St. Louis Fed) and John Williams (New York Fed)
- This week the market's attention will focus on monetary policy news, with the decisions of Banxico and the BoE, as well as Hungary, Czech Republic, Thailand, and Philippines. Moreover, comments from several Fed members, highlighting Jerome Powell
- In the US, final GDP and current account (1Q21), durable goods, housing figures, trade balance and personal income/expenditure (May), together with University of Michigan consumer confidence and PMIs (Jun). The Fed will release the results of banks' stress tests
- In addition, the Eurozone will publish consumer confidence, IFO survey and PMIs (Jun). It will also be important to observe the regional elections in France and Christine Lagarde's speech before the European Parliament
- In Mexico, the most important drivers will come from retail sales and the monthly GDP-proxy IGAE (April), unemployment rate (May), inflation (1H-June), as well as Citibanamex's expectations survey

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The most relevant economic data...

Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>				
9:30	Fed's Bullard discusses economic Outlook			
15:00	Fed's Williams speaks at Banking Conference			

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	4,168.00	0.3%
Euro Stoxx 50	4,091.47	0.2%
Nikkei 225	28,010.93	-3.3%
Shanghai Composite	3,529.18	0.1%
<i>Currencies</i>		
USD/MXN	20.58	-0.4%
EUR/USD	1.19	0.2%
DX	92.07	-0.2%
<i>Commodities</i>		
WTI	71.72	0.1%
Brent	73.53	0.0%
Gold	1,783.11	1.1%
Copper	411.90	-0.9%
<i>Sovereign bonds</i>		
10-year Treasury	1.43	0pb

Source: Bloomberg

Equities

- **Equity markets kicked-off the week with a mixed performance, showing negative sentiment in Asian stocks following James Bullard's hawkish comments last Friday, while in the US and Europe there are positive movements after the falls registered in the previous week. Investors will focus on interventions from Fed members, with Bullard and Williams, looking for signals about tapering**
- **In Asia, most markets closed negative, highlighting the Nikkei's 3.3% drop. In Europe stocks show a positive bias, the Euro Stoxx rises 0.2%. Shares from materials and real estate lead gains, while those from health care and financials superhead losses. In turn, in the US the futures of main indices point to a positive open by rising 0.4% on average**
- **In Mexico, the Mexbol may stand above the 50,400 pts**

Sovereign fixed income, currencies and commodities

- **Mixed performance in global rates with European assets adjusting -1bp, while US Treasuries print a 1bp sell-off in the longest-end of the yield curve. In local terms, the Mbonos' curve closed last week with a 13bps sell-off, on average, with the 10-year benchmark ending at 6.81% (+15bps)**
- **The USD weaken amid a favorable balance in G10 currencies with NZD leading gains (+0.6%). In EM, bias is mixed with ZAR as the strongest currency (+0.8%), while MXN trades at 20.58 per dollar (+0.4%), after its worst weekly performance since September with a 3.8% depreciation**
- **Crude-oil trades slightly positive, extending gains of the last four weeks amid inconclusive nuclear talks. In metals, industrials print a negative balance with copper declining 0.6%, while gold rises to 1,783 US\$/oz t (+1.1%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,290.08	-1.6%
S&P 500	4,166.45	-1.3%
Nasdaq	14,030.38	-0.9%
IPC	50,319.57	0.2%
Ibovespa	128,405.40	0.3%
Euro Stoxx 50	4,083.37	-1.8%
FTSE 100	7,017.47	-1.9%
CAC 40	6,569.16	-1.5%
DAX	15,448.04	-1.8%
Nikkei 225	28,964.08	-0.2%
Hang Seng	28,801.27	0.8%
Shanghai Composite	3,525.10	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.25	4pb
10-year Treasuries	1.44	-7pb
28-day Cetes	4.07	4pb
28-day TIE	4.29	0pb
2-year Mbono	5.14	11pb
10-year Mbono	6.82	6pb
<i>Currencies</i>		
USD/MXN	20.66	1.1%
EUR/USD	1.19	-0.4%
GBP/USD	1.38	-0.8%
DXY	92.23	0.4%
<i>Commodities</i>		
WTI	71.64	0.8%
Brent	73.51	0.6%
Mexican mix	67.55	0.2%
Gold	1,764.16	-0.5%
Copper	416.35	-0.5%

Source: Bloomberg

Corporate Debt

- **The auction of two long-term bonds for MXN 2.35 billion is expected this week with the participation of Volkswagen Leasing and the lessor 123 Lease; as well as a CABEI's development bank bond for MXN 3 billion**
- **Fitch Ratings downgraded Credito Real's ratings on an international scale (IDR) to 'BB' from 'BB+' and on a national scale to 'A (mex)' from 'A+ (mex)'. The outlook is Negative. According to the agency, the downgrade reflects increasing pressures on Crédito Real's capitalization, reduced profit generation and the deterioration of asset quality metrics**
- **Notice of total early amortization of the FHIPO 16 issue for next June 30, 2021 for MXN 3 billion**

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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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