

Financial Markets Daily

June 23, 2021

Main drivers for the financial markets today...

- **Mixed stock markets and government bond yields, while the USD is stable, with investors digesting Powell's comments who reiterated that inflationary pressures are transitory and related to the reopening of the economy, but interest rates will not rise preemptively. In this context, markets' attention today will be on other Fed members' interventions, highlighting Bowman, Bostic and Rosengren**
- **There is still no progress regarding a possible approval of the infrastructure plan in the US, after top White House aides wrapped up a meeting with the group of Senators who made a proposal for US\$579 billion for the construction of roads, bridges and other projects, due to differences in how it should be financed**
- **Regarding economic figures, in the US, May's new home sales and June's PMI indicators will be released. In the Eurozone, June PMIs were published. The one related to the manufacturing sector stood at 63.1pts, above consensus estimate and remaining at the same level as the previous month**
- **In Mexico, INEGI released retail sales for April, falling 0.4% m/m. Inside we highlight the decrease in appliances and computers (-3.3%), and internet sales (-6.3%). In annual terms, sales are skewed up due to the pandemic at 30.1%**

 Gabriel Casillas
 Chief Economist, Head of Research
 and IRO
gabriel.casillas@banorte.com

 Alejandro Padilla
 Executive Director of Economic
 Research and Financial Markets Strategy
alejandro.padilla@banorte.com

 Juan Carlos Alderete Macal, CFA
 Director of Economic Research
juan.alderete.mactal@banorte.com

 Manuel Jiménez
 Director of Market Strategy
manuel.jimenez@banorte.com

www.banorte.com

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
3:30	GER Manufacturing PMI (Markit)* - Jun (P)	index	--	63.0	64.4
4:00	EZ Manufacturing PMI (Markit)* - Jun (P)	index	--	62.1	63.1
4:30	UK Manufacturing PMI* - Jun (P)	index	--	64.0	65.6
<i>Mexico</i>					
7:00	Retail sales - Apr	% y/y	29.4	31.3	2.5
7:00	Retail sales* - Apr	% m/m	-0.7	--	3.6
<i>United States</i>					
9:00	Fed's Bowman speaks at Fed conference on economic resilience				
9:45	Manufacturing PMI (Markit)* - Jun (P)	index	61.0	61.5	62.1
9:45	Services PMI (Markit)* - Jun (P)	index	--	69.9	70.4
9:45	Composite PMI (Markit)* - Jun (P)	index	--	--	68.7
10:00	New home sales** - May	thousands	--	875	863
11:00	Fed's Bostic discusses systemic racism				
16:30	Fed's Rosengren speaks about the economy				

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	4,232.00	-0.1%
Euro Stoxx 50	4,093.62	-0.7%
Nikkei 225	28,874.89	0.0%
Shanghai Composite	3,566.22	0.2%
<i>Currencies</i>		
USD/MXN	20.28	-0.4%
EUR/USD	1.20	0.1%
DX	91.75	0.0%
<i>Commodities</i>		
WTI	73.39	0.5%
Brent	75.39	0.8%
Gold	1,783.26	0.3%
Copper	425.75	0.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.47	0pb

Source: Bloomberg

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Equities

- **Stock markets with mixed movements, as investors assess the economic recovery outlook and Jerome Powell's comments ease concerns over an anticipated increase in interest rates due to inflationary pressures**
- **In the US, futures anticipate a flat opening, with those of the S&P500 trading at -0.1%. This follows a new record high for the Nasdaq in the previous session, after the last one in April, reflecting a restored appetite for technology and growth stocks**
- **In Europe, the Stoxx 600 declines 0.5%, with the utilities and consumer discretionary sectors posting the greatest weakness. In Asia, markets closed mostly positive, led by the Hang Seng (+1.8%), followed by a 0.8% gain in the Shenzhen**

Sovereign fixed income, currencies and commodities

- **Mixed performance in global rates with European assets adjusting -3bps, while US Treasuries print a 1bp sell-off. In Mexico, the Mbonos' curve closed yesterday with a 4bps sell-off, on average, with the 10-year benchmark ending at 6.90% (-1bp)**
- **The USD trades fairly unchanged amid a favorable balance in most of the G10 currencies with NZD leading gains (+0.2%). In EM, bias is mixed with ZAR as the strongest currency (+0.5%), while MXN trades at 20.29 per dollar (+0.3%), scoring three positive sessions in a row**
- **Crude-oil trades at its highest level since late 2018 supported by a recovery in demand coupled with a decrease in US inventories showing tight balances. Positive performance in metals with copper and gold printing gains of 0.5% and 0.3%, respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,945.58	0.2%
S&P 500	4,246.44	0.5%
Nasdaq	14,253.27	0.8%
IPC	50,129.88	-0.4%
Ibovespa	128,767.50	-0.4%
Euro Stoxx 50	4,123.13	0.3%
FTSE 100	7,090.01	0.4%
CAC 40	6,611.50	0.1%
DAX	15,636.33	0.2%
Nikkei 225	28,884.13	3.1%
Hang Seng	28,309.76	-0.6%
Shanghai Composite	3,557.41	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.23	-3pb
10-year Treasuries	1.46	-3pb
28-day Cetes	4.03	-5pb
28-day TIIE	4.29	0pb
2-year Mbono	5.19	2pb
10-year Mbono	6.91	1pb
<i>Currencies</i>		
USD/MXN	20.36	-0.7%
EUR/USD	1.19	0.2%
GBP/USD	1.39	0.1%
DXY	91.76	-0.2%
<i>Commodities</i>		
WTI	73.06	-0.8%
Brent	74.81	-0.1%
Mexican mix	68.86	-0.2%
Gold	1,778.74	-0.3%
Copper	421.90	0.8%

Source: Bloomberg

Corporate Debt

- **Today we expect the auction of an unsecured note from Volkswagen Leasing, VWLEASE 21, for up to MXN 2.0 billion and a 3-year term. The issuance will pay a floating rate pegged to the 28-day TIIE and is rated at 'AAA' by S&P Global Ratings and Moody's. The bond has an irrevocable and unconditional guarantee granted by Volkswagen Financial Services AG**
- **Likewise, the auction of an ABS is programmed for today, 123LCB 21, backed by 123 Lease's pure leasing contracts, for up to MXN 350 million and a 48-month term. The bond is rated at 'mxAA' by S&P Global Ratings and at 'HR AAA' by HR Ratings**
- **Moody's announced the completion of a periodic review of ratings of Grupo Posadas, without a credit rating action ('Ca', Negative outlook)**

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

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
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Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x 2755
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.ceballos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faes@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	raul.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldán Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454