

# Financial Markets Daily

June 25, 2021

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

- Stock markets mixed, government bond yields with small changes and USD lower, awaiting inflation and consumption figures in the US, while digesting positive results for banks in the Fed's stress tests and an important breakthrough in the negotiation of an infrastructure plan in said country
- Investors will be focused on May's PCE deflator and personal income/spending, along June's final University of Michigan consumer confidence in the US. Fed speakers include Mester, Rosengren and Williams. Brazil will release June's CPI. In Mexico, the MoF will publish its 3Q21 issuance calendar
- Yesterday, a bipartisan group reached a deal with president Biden about a new infrastructure plan totaling US\$579 billion. Despite of the latter, the plan still faces relevant hurdles as it needs to be approved by Congress, with several conservative Republicans and even some Democrats that could not agree with the proposed legislation
- China's central bank increased its short-term liquidity injections for the first time since March both yesterday and today. At the same time, they have already started to gradually curb credit growth to tackle debt risks
- In Mexico, INEGI's GDP-proxy IGAE for April was published, falling 0.2% m/m (+22.3% y/y). By sectors, industry contracted 0.2% but services picked up +0.3%, highlighting retail (4.2%) and lodging (7.3%). In turn, primary activities plunged 2.9%

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Global economic activity indicator - Apr	% y/y	21.7	21.6	0.8
7:00	Global economic activity indicator * - Apr	% m/m	-0.5	0.0	2.6
<i>United States</i>					
8:30	Personal income* - 1Q21	% q/q	--	-2.8	-13.1
8:30	Real personal spending* - May	% m/m	0.0	0.2	-0.1
8:30	PCE Deflator* - May	% y/y	--	3.9	3.6
10:00	U. of Michigan Confidence* - Jun (F)	index	86.4	84.3	82.9
11:35	Fed's Mester speaks at Fed conference on economic resilience				
13:00	Fed's Rosengren discusses financial stability				
15:00	Fed's Williams gives honoree remarks at award ceremony				

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	4,260.25	0.1%
Euro Stoxx 50	4,117.46	-0.1%
Nikkei 225	29,066.18	0.7%
Shanghai Composite	3,607.56	1.1%
<i>Currencies</i>		
USD/MXN	19.81	-0.2%
EUR/USD	1.19	0.1%
DX	91.76	-0.1%
<i>Commodities</i>		
WTI	73.13	-0.2%
Brent	75.43	-0.2%
Gold	1,784.63	0.5%
Copper	432.50	0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.49	0pb

Source: Bloomberg

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## Equities

- **We conclude the week with mixed movements in stock indices, after US hit another record in the S&P500 and Nasdaq, as investors keep optimism over economic recovery, and assimilate Joe Biden's progress over infrastructure bipartisan deal**
- **Futures in the US without a clear trend, with the S&P500 trading 0.1% above its theoretical value, awaiting economic data and fedspeakers. Banks advance in pre-market trading after clearing FED's stress tests**
- **Asia closed with widespread gains, following yesterday's sentiment, while Europe trades mixed, but with moderate movements, while mining and construction hikes are mitigated by losses in travel and utilities**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in rates from sovereign bonds with European securities pressured by 1-2bps, while US Treasuries trade with a slightly positive bias in the long-end of the yield curve registering gains of 1bp. Yesterday Mbonos sold-off 20bps, on average**
- **The USD trades modestly negative observing a favorable balance in currencies from developed regions only with GBP slightly negative. In EM performance is similar with ZAR leading gains (+0.8%). The Mexican peso gains 0.3% to 19.79 per dollar**
- **Crude oil futures trade modestly negative with the market waiting for OPEC+ meetings next week in which a supply increase could be agreed. In metals, balances is positive with a stronger performance in the industrial's space where copper gains 1%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,196.82	1.0%
S&P 500	4,266.49	0.6%
Nasdaq	14,369.71	0.7%
IPC	50,558.32	0.8%
Ibovespa	129,513.60	0.8%
Euro Stoxx 50	4,122.43	1.1%
FTSE 100	7,109.97	0.5%
CAC 40	6,631.15	1.2%
DAX	15,589.23	0.9%
Nikkei 225	28,875.23	0.0%
Hang Seng	28,882.46	0.2%
Shanghai Composite	3,566.65	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.27	1pb
10-year Treasuries	1.49	1pb
28-day Cetes	4.23	17pb
28-day TIIE	4.29	0pb
2-year Mbono	5.43	23pb
10-year Mbono	7.07	11pb
<i>Currencies</i>		
USD/MXN	19.86	-1.7%
EUR/USD	1.19	0.1%
GBP/USD	1.39	-0.3%
DXY	91.81	0.0%
<i>Commodities</i>		
WTI	73.30	0.3%
Brent	75.56	0.5%
Mexican mix	69.60	0.4%
Gold	1,775.17	-0.2%
Copper	430.50	-0.4%

Source: Bloomberg

## Corporate Debt

- **S&P Global Ratings raised its long-term issuer credit rating on IDB Invest to 'AA+' from 'AA'. The outlook is Stable. The upgrade reflects IDB Invest's track record in executing its expanded mandate under conservative financial risk structures and policies**
- **S&P Global Ratings assigned the 'mxAAA' rating to the proposed notes from Nacional Financiera, NAFR 240628, NAFR 260626 y NAFF 310620, for up to MXN 10.0 billion and maturities in 3, 5 and 10 years**
- **The assigned rating is in the same level than Nafin's issuer credit ratings. Likewise, the Government Related Entity status and explicit guarantee from the federal government, back all financial obligations of the bank**

## Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldivar, 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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## Guide for investment recommendations.

	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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