

Financial Markets Daily

June 28, 2021

Main drivers for the financial markets today...

- **Stock markets, USD and government bond yields trading sideways, awaiting catalysts to regain direction, particularly the US jobs report on Friday after two consecutive lower-than-expected readings. Last week, market participants angst was somewhat soothed by the lower-than-expected May's PCE deflator in the US, as well as @JoeBiden's progress in the approval of a US\$1 trillion infrastructure program**
- **This week, markets will be attentive to US employment reports, PMI indicators in China, the Eurozone and other regions, as well as OPEC's ministerial meeting with allied countries. On the monetary policy front, special interest on the decisions in Colombia and Sweden, as well as comments from several Fed members**
- **Also of great importance will be the G20 foreign ministers' meeting, the Economic Forum in Brussels, the OECD meeting to finalize the tax proposal, and the speech of the President of China in the framework of the 100th anniversary of the Communist Party**
- **Other releases in the US include the Conference Board 's consumer confidence and ISM manufacturing (June), along with trade balance and factory orders (May), as well as housing figures (Apr and May)**
- **In Mexico, May's trade balance showed a US\$339.7 million surplus, lower than consensus. The focus will be on IMEF's PMI indicators and vehicles sales (Jun), along with the public finance report, banking sector data and remittances (May). Likewise, Banxico will release its monthly survey of expectations**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
	Commission Publishes Economic Forecasts				
Mexico					
7:00	Trade balance - May	US\$m	1,277.5	1,442.4	1,500.6
United States					
9:00	Fed's Williams Takes Part in Bis Panel Discussion				
12:00	Fed's Barkin discusses inflation risks				
13:10	Fed's Quarles discusses central bank digital currency				
Colombia					
14:00	Monetary policy decision (BanRep)	%	--	1.75	1.75

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	4,273.00	0.0%
Euro Stoxx 50	4,102.55	-0.4%
Nikkei 225	29,048.02	-0.1%
Shanghai Composite	3,606.37	0.0%
<i>Currencies</i>		
USD/MXN	19.87	0.2%
EUR/USD	1.19	-0.1%
DXY	91.82	0.0%
<i>Commodities</i>		
WTI	73.98	-0.1%
Brent	76.03	-0.2%
Gold	1,776.48	-0.3%
Copper	427.55	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	1.51	-2pb

Source: Bloomberg

Equities

- **Stock markets start this week with mixed movements and little changes, as the infrastructure agreement advances in Washington and lower concerns about the rebound in inflation, with greater confidence that the rise is temporary and does not represent a sustained risk. Meanwhile, investors remain cautious about the spread of COVID-19's delta variant around the world**
- **In the US, futures anticipate a flat opening, with the S&P500 trading with minor changes after a new record high in the previous session. In Europe, the Stoxx 600 falls 0.4%, with travel stocks reporting the greatest weakness**
- **In Asia, the Nikkei fell 0.1% and the Hang Seng closed little changed in a shorter trading day, after a morning break due to severe weather conditions**

Sovereign fixed income, currencies and commodities

- **Slightly positive balance in global rates, with European assets adjusting -1bp and US Treasuries printing gains of 2bps from the 5-year node onwards. In Mexico, the Mbonos' curve closed last week with a 32bps sell-off on average, with the 10-year benchmark ending at 7.00% (+19bps w/w)**
- **The USD trades higher against most G10 currencies, with NOK leading losses (-0.3%). In EM, bias is negative with ZAR as the weakest currency (-0.8%), while MXN trades at 19.87 per dollar (-0.2%), after a 4.2% weekly appreciation**
- **Crude-oil adjusts -0.1% after five weeks of sustained gains. Attention is focused on the next OPEC+ ministerial meeting on Thursday, with the market expecting production increases. Negative performance in metals with nickel trading with losses of 0.7%, while copper and gold fall 0.3%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,433.84	0.7%
S&P 500	4,280.70	0.3%
Nasdaq	14,360.39	-0.1%
IPC	50,549.86	0.0%
Ibovespa	127,255.60	-1.7%
Euro Stoxx 50	4,120.66	0.0%
FTSE 100	7,136.07	0.4%
CAC 40	6,622.87	-0.1%
DAX	15,607.97	0.1%
Nikkei 225	29,066.18	0.7%
Hang Seng	29,288.22	1.4%
Shanghai Composite	3,607.56	1.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.27	0pb
10-year Treasuries	1.52	3pb
28-day Cetes	4.30	7pb
28-day TIEE	4.52	23pb
2-year Mbono	5.63	20pb
10-year Mbono	6.99	-8pb
<i>Currencies</i>		
USD/MXN	19.82	-0.2%
EUR/USD	1.19	0.0%
GBP/USD	1.39	-0.3%
DXY	91.85	0.0%
<i>Commodities</i>		
WTI	74.05	1.0%
Brent	76.18	0.8%
Mexican mix	70.20	0.9%
Gold	1,781.44	0.4%
Copper	428.95	-0.4%

Source: Bloomberg

Corporate Debt

- **Moody's downgraded Grupo Televisa's ratings to 'Baa2/Aa1.mx' from 'Baa1/Aaa.mx' and changed the outlook to Stable from Negative. The ratings downgrade reflects persistent high leverage at 3.4x and Moody's expectation that it will remain around 3x through 2022**
- **This week we expect the tap issue of two unsecured bonds from Cetelem (CETELEM 21 / 21-2) for up to MXN 2.0 billion and 2-year terms. The bonds are rated at 'AAA'**
- **In the banking bond market, the auction of three bonds from Nacional Financiera is expected for a target amount of MXN 5.0 billion (max. MXN 10.0 billion) and 3-, 5- and 10-year terms**

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 Thalia 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	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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