

Financial Markets Daily

June 30, 2021

Main drivers for the financial markets today...

- **Negative stock markets, USD up and government bond yields down, amid rising concerns that central banks will have to remove monetary stimulus earlier than expected, following Carstens' comments in the presentation of the BIS' Annual Economic Report, and Fed's Waller more hawkish comments, while investors continue to 'clean up' positions as the semester, quarter, and month ends today**
- **Regarding economic figures, in the US, the ADP private employment report for June will be released. We estimate a creation of 510k jobs (consensus 600k). Meanwhile, regarding the *Fed Speakers* agenda, we highlight the interventions of Bostic and Barkin**
- **In the Eurozone, June's inflation report was published at 0.3% m/m, in line with the consensus estimate, with which the annual variation stood at 1.9%, with the core standing at 0.9% y/y. Figures show inflation remains within the central bank's target**
- **In other events, we highlight the OECD meeting in Paris, to finalize a proposal to overhaul global minimum corporate taxation, which will be presented at the G-20 meeting in July, and the publication of PMi indicators in China**
- **Finally, in Mexico, the May's public finance report will be released**

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.macal@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>					
2:00	UK Gross domestic product - 1Q21 (F)	% y/y	--	-6.1	-6.1
2:00	UK Gross domestic product* - 1Q21 (F)	% q/q	--	-1.5	-1.5
5:00	EZ Consumer prices - Jun (P)	% y/y	--	1.9	2.0
5:00	EZ Core - Jun (P)	% y/y	--	0.9	1.0
<i>Brazil</i>					
8:00	Unemployment rate - Apr	%	--	14.8	14.7
<i>United States</i>					
8:00	Fed's Bostic discusses regionalism				
8:15	ADP employment* - Jun	thousands	510	550	978
13:00	Fed's Barkin speaks with Hispanic chambers of commerce				
<i>Mexico</i>					
10:00	Banking credit - May	% y/y	-10.4	--	-14.6
15:30	Public finances (year-to-date) - May	MXNmn	--	--	-219.4
<i>China</i>					
21:45	Manufacturing PMI (Caixin)* - Jun	index	--	51.9	52.0

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	4,279.50	-0.1%
Euro Stoxx 50	4,082.97	-0.6%
Nikkei 225	28,791.53	-0.1%
Shanghai Composite	3,591.20	0.5%
<i>Currencies</i>		
USD/MXN	19.85	0.1%
EUR/USD	1.19	-0.1%
DX	92.09	0.0%
<i>Commodities</i>		
WTI	73.79	1.1%
Brent	75.38	0.8%
Gold	1,759.38	-0.1%
Copper	430.20	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.45	-2pb

Source: Bloomberg

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Equities

- **Stock markets mostly negative, although the balance is positive at the end of the first half of the year. Investors remain cautious, weighing growing confidence in the economic recovery amid concerns about the spread of the Covid-19 delta strain. In this sense, focus remains on economic data that could help gauge when the Fed could begin to withdraw accommodative monetary policy**
- **In the US, futures anticipate a flat opening, with the S&P500 futures trading little changed. This after posting a new record high in the previous session along with the Nasdaq. Meanwhile, in Europe, the Stoxx 600 declines 0.4%, with a generalized fall in all sectors**
- **In Asia, markets closed mixed, where the Shanghai Comp rose 0.5% and the Nikkei dropped 0.1%**

Sovereign fixed income, currencies and commodities

- **Positive balance in global rates with European assets adjusting -3bps, while US Treasuries print gains of 2bps in the long-end of the yield curve. In Mexico, the Mbonos' curve closed yesterday with a 6bps rally in short-term assets and pressures of 4bps in long-term securities**
- **The USD trades positive amid of a mixed performance in G10 currencies where CHF leads losses (-0.2%). In EM, bias is also mixed with PHP as the weakest currency (-0.6%), while MXN trades at 19.86 per dollar (-0.2%)**
- **Crude-oil registers gains with investors' attention focused on the upcoming OPEC+ ministerial meeting tomorrow with the market expecting production increases. Mixed performance in metals with copper printing a 0.8% rally, while gold trades at 1,760 \$/oz t**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,292.29	0.0%
S&P 500	4,291.80	0.0%
Nasdaq	14,528.33	0.2%
IPC	50,337.36	0.0%
Ibovespa	127,327.40	-0.1%
Euro Stoxx 50	4,107.51	0.4%
FTSE 100	7,087.55	0.2%
CAC 40	6,567.43	0.1%
DAX	15,690.59	0.9%
Nikkei 225	28,812.61	-0.8%
Hang Seng	28,994.10	-0.9%
Shanghai Composite	3,573.18	-0.9%
<i>Sovereign bonds</i>		
2-year Treasuries	0.25	0pb
10-year Treasuries	1.47	-1pb
28-day Cetes	4.30	-2pb
28-day TIE	4.53	0pb
2-year Mbono	5.63	-2pb
10-year Mbono	6.95	3pb
<i>Currencies</i>		
USD/MXN	19.82	0.1%
EUR/USD	1.19	-0.2%
GBP/USD	1.38	-0.3%
DX	92.05	0.2%
<i>Commodities</i>		
WTI	72.98	0.1%
Brent	74.76	0.1%
Mexican mix	68.89	-0.2%
Gold	1,761.24	-1.0%
Copper	426.45	-0.3%

Source: Bloomberg

Corporate Debt

- **Fibra Shop announced that, continuing with the commitments it recently published in its first Sustainability Report, it decided to publish the framework for issuing green bonds. Additionally, it obtained the second opinion from Sustainalytics. As a result, Fibra Shop is now in a position to issue green bonds in the future**
- **Fibra Inn completed the sale of the Holiday Inn Guadalajara Autónoma hotel, as part of its capital recycling process through the divestment of non-strategic assets. The operation is binding for an agreed price of MXN 259 million**
- **Call for the Bondholders' Meeting of the DOIXCB 15 / 15U issuances (Desarrolladora y Operadora de Infraestructura de Oaxaca's FF) for next July 8, 2021**

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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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
Victor 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.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@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	alejandro.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
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roldan.ferrer@banorte.com	(55) 5004 - 1454