

Financial Markets Daily

July 1, 2021

Main drivers for the financial markets today...

- **Mixed stock markets, USD slightly up and government bond yield rising, starting the new month, quarter and semester with optimism, but with caution due to the publication of June's employment report in the US tomorrow, as well as the result of the meetings of OPEC and OECD and geopolitical tension with China, after strong statements by President Xi Jinping about what they can do to their enemies, in the framework of the celebration of the 100th anniversary of the Communist Party**
- **Regarding economic figures, in the US, jobless claims in the week ending June 26 will be released. Consensus estimates them at 388k below the 411k of the previous week. The ISM manufacturing for the sixth month of the year will also be published, which we estimate at 60.5pts, while we expect the final PMI data to remain at 62.6pts. On the Fed speakers agenda, we highlight Bostic comments**
- **Attention on OPEC's meeting, where it will be discussed whether the strength and duration of the recovery in oil demand warrants an increase in production**
- **In Mexico, Banxico will publish its monthly survey of economic expectations among private sector analysts, as well as the monthly report on family remittances. Likewise, the IMEF indicators will be announced. We estimate that both, manufacturing and non-manufacturing, will post declines after the strong gains observed the previous month**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Unemployment rate - May	%	--	8.0	8.0
<i>United States</i>					
8:30	Initial jobless claims* - Jun 26	thousands	--	382	411
10:00	ISM manufacturing* - Jun	index	--	62.6	62.6
14:00	Fed's Bostic takes part in habitat for humanity panel				
	Total vehicle sales** - Jun	thousands	--	17.0	17.0
<i>Brazil</i>					
9:00	Manufacturing PMI* - Jun	index	--	--	53.7
<i>Mexico</i>					
10:00	Family remittances - May	US\$m	4,552.8	4,120.8	4,047.6
10:00	Survey of expectations (Banxico)				
13:00	PMI manufacturing (IMEF)* - Jun	index	51.8	--	52.3
13:00	PMI non-manufacturing (IMEF)* - Jun	index	53.3	--	53.6

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	4,293.25	0.1%
Euro Stoxx 50	4,067.53	0.1%
Nikkei 225	28,707.04	-0.3%
Shanghai Composite	3,588.78	-0.1%
<i>Currencies</i>		
USD/MXN	19.97	0.2%
EUR/USD	1.19	0.1%
DX	92.33	-0.1%
<i>Commodities</i>		
WTI	75.27	2.4%
Brent	76.06	1.2%
Gold	1,775.80	0.3%
Copper	427.80	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	1.48	1pb

Source: Bloomberg

Equities

- **Stock markets with mixed movements, as risk assets face some uncertainty among investors due to the challenges of the Covid-19 variants and the possibility of lower economic support in the face of inflationary pressures. Thus, cyclical stocks offset the decline in technology stocks**
- **Thus, US futures anticipate a lateral opening, the S&P500 trades with little change, after its respective index recorded the best half of the year in more than two decades. Europe is mixed, with the EuroStoxx down 0.3%, while travel stocks rise after the UK announced that it will relax rules in this sector**
- **Regarding the takeover bid for OMA shares, results indicate that Aerodrome will acquire 15.4%, being the announced target, increasing its stake to 30.1% of the airport group's capital stock**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds trade with a negative bias, European assets are adjusting +2bps while the US Treasury yield curve registers losses of 1bp in the longer duration tenors. In Mexico, the Mbonos curve closed yesterday with a steepening, the short- and mid-end adjusted -2bps on average while the long-term nodes lost up to 9bps**
- **USD trades with positive bias, most G10 currencies lose ground with GBP as the weakest (-0.5%). In EM group the performance is mixed, RUB appreciates 0.3% and PHP will lead losses (-0.6%). USD/MXN falls 0.3% to trade at 19.99 per dollar**
- **Oil rises 1.9% with the focus on the OPEC+ ministerial meeting expecting a gradual increase in production. In metals, gold gains 0.2% to 1,774 US\$/oz t while in industrials the bias is positive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,502.51	0.6%
S&P 500	4,297.50	0.1%
Nasdaq	14,503.95	-0.2%
IPC	50,289.75	-0.1%
Ibovespa	126,801.70	-0.4%
Euro Stoxx 50	4,064.30	-1.1%
FTSE 100	7,037.47	-0.7%
CAC 40	6,507.83	-0.9%
DAX	15,531.04	-1.0%
Nikkei 225	28,791.53	-0.1%
Hang Seng	28,827.95	-0.6%
Shanghai Composite	3,591.20	0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.25	0pb
10-year Treasuries	1.47	0pb
28-day Cetes	4.30	0pb
28-day TIE	4.53	0pb
2-year Mbono	5.59	-5pb
10-year Mbono	6.98	3pb
<i>Currencies</i>		
USD/MXN	19.94	0.6%
EUR/USD	1.19	-0.3%
GBP/USD	1.38	0.0%
DXY	92.44	0.4%
<i>Commodities</i>		
WTI	73.47	0.7%
Brent	75.13	0.5%
Mexican mix	69.30	0.6%
Gold	1,770.11	0.5%
Copper	428.90	0.6%

Source: Bloomberg

Corporate Debt

- **HR Ratings ratified Crediclub ratings at 'HR A +' and 'HR2' with a Stable Outlook. According to the agency, the ratification is based on the stability of the solvency position, on the leverage and on the liquidity that it presented in the last 12 months, where it maintained a capitalization ratio at adequate levels of 35.5% as of 1Q21**
- **On the other hand, an increase in delinquency indicators was observed due to the economic situation caused by COVID-19, which implied the granting of support plans to 61.8% of the average portfolio during 2020, in which 11.4% presented difficulties in their payments. The adjusted NPL ratio maintains levels of 12.0% as of 1Q21**

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	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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