

# Financial Markets Daily

July 5, 2021

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

- Stock markets lower, while the USD and government bond yields remained relatively stable amid concerns about (1) An increase in COVID-19 cases, particularly the 'delta' variant; and (2) uncertainty about OPEC and allies pricing policy ahead, in a day with low trading volume as US markets are closed
- Moreover, INEGI released Mexico's consumer confidence for June, at 44.5pts from 43.0pts in the previous month. All components were stronger, with the move led by 'purchasing power' despite important inflationary pressures, followed by country expectations
- Investors will focus this week on the minutes of the Fed and Banxico, as well as discussions about the US infrastructure plan. In addition, Israel, Australia, Romania, Malaysia, Peru and Polonia will announce their monetary policy decisions
- Likewise, there will also be a special interest in the meeting of G2' finance ministers and central bankers in Italy, as well as a Eurogroup leaders meeting in Belgium. In addition, OPEC and its allies will continue negotiations started last week
- In the US, financial markets will be closed on Monday to observe Independence Day. Throughout the week only the ISM services (Jun), consumer credit (May) and weekly initial jobless claims will be released
- In the Eurozone, the main drivers are the Sentix investor confidence and ZEW expectations survey (Jul), PMI services (Jun) and retail sales (May), in tandem with economic projections by the EU Commission. China will publish CPI, PPI, together with PMI manufacturing and services (Jun)
- In Mexico, we will focus on inflation, wage negotiations and auto sector figures (Jun), private consumption and gross fixed investment (Apr), along with the survey of expectations from Citibanamex

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
	Markets closed due to Independence Day holiday				
Mexico					
7:00	Consumer confidence* - Jun	index	42.3	--	42.7

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	4,342.50	0.0%
Euro Stoxx 50	4,084.19	0.0%
Nikkei 225	28,598.19	-0.6%
Shanghai Composite	3,534.32	0.4%
<i>Currencies</i>		
USD/MXN	19.80	0.1%
EUR/USD	1.19	0.1%
DX	92.16	-0.1%
<i>Commodities</i>		
WTI	75.49	0.4%
Brent	76.46	0.4%
Gold	1,791.47	0.2%
Copper	434.55	1.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.42	0pb

Source: Bloomberg

## Equities

- **Today, US markets will remain closed to due to the Independence Day holiday. Meanwhile, the week starts with mixed returns in stock markets, as investors weigh whether the Fed could show a more aggressive tilt on tapering stimulus, while remaining attentive to OPEC+ tensions in oil production**
- **Markets in Europe trade without a clear trend, with the EuroStoxx oscilating between gains as losses, with a move higher mostly in Financial and Energy stocks. In Asia, the session was mixed, as the Hang Seng fell 0.6% after technology stocks were hit by cybersecurity investigations and the blocking of Didi from app stores**
- **On the corporate front, today we expect Televisa's 2Q21 results after the market close**

## Sovereign fixed income, currencies and commodities

- **The US market will be closed today due to Independence Day. As a result, lower liquidity is expected. Moreover, European assets adjust +1bp. In Mexico, the Mbonos' curve closed last week with a 16bps rally in mid-term assets and pressures of 3bps in short- and long-term securities**
- **The USD trades negative amid a mixed performance in G10 currencies with a limited range between +/-0.2%. In EM, bias is positive with INR as the strongest currency (+0.6%), while MXN trades at 19.80 per dollar (-0.1%) after a 0.2% weekly appreciation**
- **Crude-oil registers gains of 0.4% extending the last 6-week rally with investors' attention focused on OPEC+ ministerial meeting where an agreement has not been reached yet. Favorable performance in metals with copper printing a 1.1% rally, while gold trades at 1,791 \$/oz t (+0.2%)**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,786.35	0.4%
S&P 500	4,352.34	0.8%
Nasdaq	14,639.33	0.8%
IPC	50,223.01	-0.3%
Ibovespa	127,621.70	1.6%
Euro Stoxx 50	4,084.31	0.1%
FTSE 100	7,123.27	0.0%
CAC 40	6,552.86	0.0%
DAX	15,650.09	0.3%
Nikkei 225	28,783.28	0.3%
Hang Seng	28,310.42	-1.8%
Shanghai Composite	3,518.76	-2.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.23	-2pb
10-year Treasuries	1.42	-3pb
28-day Cetes	4.34	3pb
28-day TIE	4.53	0pb
2-year Mbono	5.63	2pb
10-year Mbono	7.04	-1pb
<i>Currencies</i>		
USD/MXN	19.77	-1.1%
EUR/USD	1.19	0.1%
GBP/USD	1.38	0.4%
DXY	92.23	-0.4%
<i>Commodities</i>		
WTI	75.16	-0.1%
Brent	76.17	0.4%
Mexican mix	70.76	0.3%
Gold	1,787.30	0.6%
Copper	427.60	0.9%

Source: Bloomberg

## Corporate Debt

- **Fitch Ratings ratified the ratings for the 7-main banks in Mexico (BBVA México, Citibanamex, Banco Inbursa, Santander México, HSBC México, Banorte and Scotiabank). The agency did not make changes in the outlook on a global or national scale**
- **Grupo Aeroméxico reported that it received a notification from Delta Air Lines informing that it intends to exercise its option and acquire credit rights from Apollo, for US\$ 185 million of Tranche 2 commitments under the current DIP Financing**
- **Currently, Grupo Aeroméxico has five ST bonds in the market with an outstanding amount of MXN 1.16 billion rated as 'HRD / D/M' by HR Ratings and Verum**

## 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
<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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