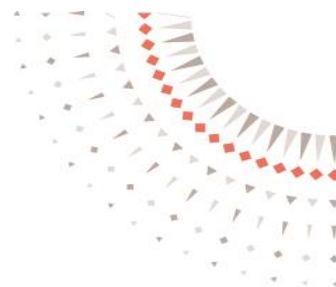


# Financial Markets Daily



July 9, 2021

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

- Stock markets mixed -negative in Asia following yesterday's adverse sentiment, but losses moderating in China on monetary stimulus-, USD lower and government bond yield mixed as markets digest the strong decline in bond yields during the week and preparing for the corporate earnings season
- In China, the PBoC decided to cut the reserve requirement ratio for banks by 0.5%-pts, which will result in an increase in liquidity of around 1 trillion yuan (IS\$154 billion)
- Tensions between the US and China continue after 10 companies from the Asian nation were blacklisted. Meanwhile, President Biden will sign an executive order with more than 72 measures to boost competition, including some previsions for tech and banks
- On the vaccine, Pfizer will seek authorization for a third inoculation, which seems to drastically boost protection. Nevertheless, so far, the CDC and the FDA mention that this is not necessary for fully vaccinated people
- Today the ministerial G-20 meeting begins, with finance ministers and central bankers gathering in Venice. Attention is expected to focus on a global tax for corporations
- We have a light economic schedule, with inflation in China for June -released yesterday- advancing 1.1% y/y, moderating relative to the 1.3% from May. In the UK, industrial production for May was released, slightly below expectations at 0.8% m/m. Finally, in Mexico we await wage negotiations for June
- In the monetary front, the ECB published the minutes of its last decision, in which comments around the future of the asset purchase program were among the most important, along the outlook for inflation

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
	G20 Finance Ministers and Central Bankers meeting in Venice				
UK					
2:00	Industrial production* - May	% m/m	--	1.4	-1.3
Mexico					
	Wage negotiations - Jun	% y/y	--	--	4.4

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.
<b>Equity indices</b>		
S&P 500 Futures	4,329.25	0.4%
Euro Stoxx 50	4,043.42	1.3%
Nikkei 225	27,940.42	-0.6%
Shanghai Composite	3,524.09	0.0%
<b>Currencies</b>		
USD/MXN	19.94	-0.3%
EUR/USD	1.19	0.1%
DX	92.27	-0.2%
<b>Commodities</b>		
WTI	73.80	1.2%
Brent	74.76	0.9%
Gold	1,799.31	-0.2%
Copper	435.45	1.9%
<b>Sovereign bonds</b>		
10-year Treasury	1.34	5pb

Source: Bloomberg

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## Equities

- Stock markets conclude the week with mixed movements, though positive bias, rebounding from yesterday's sell-off. Investors seem more confident about recovery, even considering "delta" virus variant impact
- As such, futures in the US anticipate a positive opening, with the S&P500 trading 0.4% above its theoretical value, awaiting a very positive corporate earnings season kick-off in few days
- In Asia the trading session concluded mixed, standing out the 0.7% rise in the Hang Seng, though China with moderate losses following yesterday's sentiment, but reacting favorable to the PBoC reserves ratio cut. In Mexico, the Mexbol Index may continue consolidating near 50,000pts

## Sovereign fixed income, currencies and commodities

- Global rates rebound from a sharp rally yesterday, observing European securities adjust by 1-3bps and Asia/Pacific closes printing +3bps. Yesterday with the market digesting CPI and minutes the Mbonos' curve adjusted +3bps in short-term tenors and -2bps in mid- and long-term maturities
- The USD extends the weakening performance experienced yesterday with G10 currencies this Friday only including losses in JPY, while the balance for the EM FX universe is also favorable where HUF and RUB lead the gains and the USD/MXN appreciates 0.26% to 19.94
- Crude oil positive with WTI heading for its first weekly fall since May in a context where the market is still assimilating the impasse from OPEC+ on production increases. In metals, gold and copper fall modestly against a slightly stronger performance in copper

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	34,421.93	-0.7%
S&P 500	4,320.82	-0.9%
Nasdaq	14,559.79	-0.7%
IPC	49,570.87	-1.0%
Ibovespa	125,427.80	-1.3%
Euro Stoxx 50	3,991.66	-2.1%
FTSE 100	7,030.66	-1.7%
CAC 40	6,396.73	-2.0%
DAX	15,420.64	-1.7%
Nikkei 225	28,118.03	-0.9%
Hang Seng	27,153.13	-2.9%
Shanghai Composite	3,525.50	-0.8%
<b>Sovereign bonds</b>		
2-year Treasuries	0.19	-2pb
10-year Treasuries	1.29	-2pb
28-day Cetes	4.37	3pb
28-day TIIE	4.52	0pb
2-year Mbono	5.83	5pb
10-year Mbono	6.88	-6pb
<b>Currencies</b>		
USD/MXN	19.99	0.2%
EUR/USD	1.18	0.5%
GBP/USD	1.38	-0.1%
DX	92.42	-0.2%
<b>Commodities</b>		
WTI	72.94	1.0%
Brent	74.12	0.9%
Mexican mix	68.53	0.6%
Gold	1,802.83	0.0%
Copper	426.45	-1.3%

Source: Bloomberg

## Corporate Debt

- Notice of early partial amortization for issuance ABCCB 18 (AB&C Leasing's ABS) on next July 19 for MXN 53.80 million
- HR Ratings lowered the ratings for Consejo de Asistencia al Microemprendedor (CAMESA) to 'HR A-' from 'HR A' with a Stable outlook, based in the opportunity areas detected in the institution's internal control processes
- HR Ratings downgraded the ratings for Te Creemos to 'HR BBB' from 'HR BBB+' with a Stable outlook and affirmed the short-term ratings at 'HR3'. The downgrade follows the rating action on its affiliated company CAMESA

## 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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The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## Guide for investment recommendations.

	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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