

# Financial Markets Daily

July 12, 2021

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

- **Stock markets mixed, USD up and government bond yields lower. Stock markets in Asia higher as they follow last Friday's positive sentiment in the West. Europe and S&P500 futures with small changes but negatively biased, with caution about the higher number of COVID-19 cases, waiting for Powell's hearing amid the earnings season kickoff**
- **Attention this week on inflation in the US, the Eurozone and several other countries. Additionally, we will have monetary policy decisions in Japan, Canada, Chile, New Zealand, Turkey and Korea**
- **In geopolitical aspects, Angela Merkel will be in an official visit in the US where she will meet with Joe Biden, while the Eurozone finance ministers will discuss the region's economic policies in Brussels. The US House will hold a hearing on monetary policy and the state of the economy. There will also be interventions from Fed members, including Powell**
- **The US will also release retail sales, industrial activity, PPI, the monthly budget statement and import prices (Jun); Empire and Philly Fed manufacturing surveys and University of Michigan consumer confidence (Jul); as well as the Fed's Beige Book**
- **In Mexico, May's industrial production stood at 0.1% m/m (36.4% y/y), below expectations. The agenda also includes jobs affiliated to IMSS and ANTAD sales (Jun). Moreover, Rogelio Ramirez de la O will become the next Minister of Finance on July 15<sup>th</sup>**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Industrial production - May	% y/y	37.4	35.8	36.6
7:00	Industrial production* - May	% m/m	0.5	--	-0.2
13:00	Job creation of workers affiliated to IMSS - Jun	thousands	--	--	39.0
	ANTAD same-store sales - Jun	% y/y	--	--	33.9
<i>United States</i>					
12:00	Fed's Kashkari, speaks at virtual discussion				
<i>China</i>					
22:00	Trade balance - Jun	USDbn	--	44.9	45.5
22:00	Exports - Jun	% y/y	--	21.3	27.9
22:00	Imports - Jun	% y/y	--	28.5	51.1

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	4,350.50	-0.2%
Euro Stoxx 50	4,061.75	-0.2%
Nikkei 225	28,569.02	2.2%
Shanghai Composite	3,547.84	0.7%
<i>Currencies</i>		
USD/MXN	19.98	0.6%
EUR/USD	1.18	-0.2%
DX	92.35	0.2%
<i>Commodities</i>		
WTI	73.37	-1.6%
Brent	74.41	-1.5%
Gold	1,801.59	-0.4%
Copper	431.10	-1.0%
<i>Sovereign bonds</i>		
10-year Treasury	1.34	-2pb

Source: Bloomberg

## Equities

- We start the week with mixed movements in main stock indices. Though investors continue worried about the rise in contagions of the “delta” variant, attention is turning to the 2Q21 corporate earnings season, whose kick-off is expected for tomorrow, with 23 S&P500 companies reporting this week, standing out financial sector results. Earnings growth is expected at 63.5% vs 54.0% in 1Q21
- Futures in the US anticipate a negative opening, after reaching new all-time highs on Friday, with the S&P500 trading 0.2% below its theoretical value, looking for support on valuations. In Asia the trading session concluded with widespread gains, following Friday’s sentiment, while Europe is negative, where drops in banks and travel are mitigated by the rise in healthcare and utilities. In Mexico the Mexbol Index may continue consolidating near 50,000pts

## Sovereign fixed income, currencies and commodities

- Positive performance in global rates, with European assets adjusting -3bps. In addition, US Treasuries gain 2bps in the longest-end of the yield curve. In Mexico, the Mbonos’ curve closed last week with a 17bps rally in long-term assets, while short-term securities adjusted +5bps, on average
- The USD trades positive against all G10 currencies, with NZD leading losses (-0.6%). In EM, bias is negative with ZAR as the weakest currency (-1.8%), followed by MXN trading at 19.98 per dollar (-0.6%) after a 0.4% weekly depreciation
- Crude-oil registers losses around 1.5% assimilating a resurgence of infections that clouds demand expectations. Negative performance in metals with copper and nickel printing an adjustment of -1.0%, while gold trades at 1,801.6 \$/oz t (-0.4%)

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,870.16	1.3%
S&P 500	4,369.55	1.1%
Nasdaq	14,701.92	1.0%
IPC	49,768.35	0.4%
Ibovespa	125,427.80	0.0%
Euro Stoxx 50	4,068.09	1.9%
FTSE 100	7,121.88	1.3%
CAC 40	6,529.42	2.1%
DAX	15,687.93	1.7%
Nikkei 225	27,940.42	-0.6%
Hang Seng	27,344.54	0.7%
Shanghai Composite	3,524.09	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.21	2pb
10-year Treasuries	1.36	7pb
28-day Cetes	4.36	-1pb
28-day TIIE	4.53	0pb
2-year Mbono	5.73	-10pb
10-year Mbono	6.83	-5pb
<i>Currencies</i>		
USD/MXN	19.87	-0.6%
EUR/USD	1.19	0.3%
GBP/USD	1.39	0.8%
DXY	92.13	-0.3%
<i>Commodities</i>		
WTI	74.56	2.2%
Brent	75.55	1.9%
Mexican mix	70.05	2.2%
Gold	1,808.32	0.3%
Copper	434.55	1.9%

Source: Bloomberg

## Corporate Debt

- Today we expect the auction of two unsecured bonds from MAC Health, SALUD 21 / 21-2, for up to MXN 1.5 billion. The bond's local scale ratings are ‘HR AA-’ by HR Ratings and ‘AA-/M’ by PCR Verum
- The bond SALUD 21 will have a 5-year term with a floating rate, while the note SALUD 21-2 tranche will have a 7-year term and will pay a fixed rate
- S&P Global confirmed the ratings for AB&C Leasing’s ABS, ABCCB 18, at ‘mxAAA (sf)’ considering the credit protection levels of the structure, as well as the performance observed in the securitized portfolio

## Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldivar, 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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