

# Financial Markets Daily

July 21, 2021

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

- **Stock markets up, USD slightly positive and government bond yields higher on loose US monetary policy, still-high levels of economic growth, and robust corporate earnings. These factors help offset for concerns about COVID-19 flareups. No economic data will be released today**
- **According to a new study that has not been peer-reviewed yet, Johnson & Johnson's single-dose COVID-19 vaccine is much less effective against the 'delta' and 'lambda' variants relative to the original strain of the virus**
- **US Senate Republicans warned there is no chance to begin today the debate about the infrastructure plan, demanding that the text spelling out the deal should be finished first. These comments come as a direct response to pressures from the Democratic leader of the Senate, Chuck Schumer, which has been insisting to start the process today**
- **According to a survey by Lloyds Banking Group, June's growth in the UK decelerated in 9 of 14 tracked industries and inflation rebounded in most sectors. These results reinforce concerns about the potential impact that a pickup in new cases could have on the recovery, even after the Prime Minister eliminated most restrictions on Monday**
- **Japan's trade balance in June showed a 90.2 billion yen deficit, with a stronger than expected rebound in exports suggesting that external demand remains strong, as well as showing high growth in total trade volumes**
- **Mexico's Minister of Economy, Tatiana Clouthier, will travel to the US today to meet with the USTR, Katherine Tai, and the Commerce Secretary, Gina Raimondo. Among the issues to discuss are the promotion of the regional automotive industry despite some recent tensions stemming from new sector rules since the approval of USMCA**

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## The most relevant economic data...

Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico and United States</i>				
No economic data releases today				

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	4,320.25	0.1%
Euro Stoxx 50	3,992.71	0.9%
Nikkei 225	27,548.00	0.6%
Shanghai Composite	3,562.66	0.7%
<i>Currencies</i>		
USD/MXN	20.17	0.1%
EUR/USD	1.18	-0.1%
DX	93.05	0.1%
<i>Commodities</i>		
WTI	68.06	0.9%
Brent	70.32	1.4%
Gold	1,801.58	-0.5%
Copper	426.50	-0.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.23	1pb

Source: Bloomberg

## Equities

- **Stock markets with positive movements, following the previous session's recovery from the drop at the beginning of the week. Solid corporate results, still high levels of economic expansion, and the Fed's accommodative monetary policy underpin sentiment, deflecting attention away from concerns about the spread of the delta strain**
- **In the US, futures anticipate an upward opening, with the S&P500 trading at +0.2%. Likewise, in Europe the Stoxx 600 is up 1.2%, with widespread gains across all sectors. In Asia, the Shanghai Comp advanced 0.7% and the Nikkei rose 0.6%**
- **On the corporate front, yesterday in Mexico, Fibrapl's results reflected a portfolio expansion, while Alfa, Alpek, Axtel, and Lacomar will report today. In the US, we highlight today the results of Verizon, Coca-Cola and J&J, which have already reported above expectations**

## Sovereign fixed income, currencies and commodities

- **Sovereign bonds revert part of the accumulated appreciation in the last two sessions, with European securities pressuring by ~2bps while US Treasuries adjust 1-2bps, with the long-end underperforming. Yesterday the Mbonos' yield curve steepened with the short-end rallying 1-3bps, while longer-term tenors adjusted +2bps**
- **The USD holds a modestly strengthening bias advancing for the fifth consecutive session. Performance in G10 currencies is mixed, while in EM FX dynamics are mostly negative. In the latter CNY stands as the strongest (+0.2%) and the MXN trades fairly unchanged at 20.15**
- **Crude oil rises ~1.3% in main benchmarks under an improved global risk on mode, following sharp losses as the market assimilated the production increase from OPEC+ and uncertainty on the demand future outlook. Mixed metals with copper positive**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,511.99	1.6%
S&P 500	4,323.06	1.5%
Nasdaq	14,498.88	1.6%
IPC	49,256.97	0.3%
Ibovespa	125,401.40	0.8%
Euro Stoxx 50	3,956.34	0.7%
FTSE 100	6,881.13	0.5%
CAC 40	6,346.85	0.8%
DAX	15,216.27	0.5%
Nikkei 225	27,388.16	-1.0%
Hang Seng	27,259.25	-0.8%
Shanghai Composite	3,536.79	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.20	-2pb
10-year Treasuries	1.22	3pb
28-day Cetes	4.33	-5pb
28-day TIE	4.49	-3pb
2-year Mbono	5.57	-2pb
10-year Mbono	6.88	0pb
<i>Currencies</i>		
USD/MXN	20.16	0.4%
EUR/USD	1.18	-0.2%
GBP/USD	1.36	-0.3%
DXY	92.97	0.1%
<i>Commodities</i>		
WTI	67.42	1.5%
Brent	69.35	1.1%
Mexican mix	63.13	0.0%
Gold	1,810.36	-0.1%
Copper	426.30	1.5%

Source: Bloomberg

## Corporate Debt

- **AlphaCredit informed on the distribution to ALPHACB 18 bondholders for MXN 68.35 million of principal for next July 22. With the previous amortization, principal payments will have been made for a total amount of MXN 1.29 billion, equivalent to 71.81% of the initial principal**
- **Early partial amortization of UNIRECB 19 (Unirenta's ABS) for next July 28, 2021 for MXN 60.38 million. It currently has an outstanding amount of MXN 336 million and is rated 'mxAAA' and 'HR AAA' by S&P Global Ratings and HR Ratings.**
- **Fitch Ratings affirmed Arca Continental ratings and its subsidiary AC Bebidas on a national and international scale at 'AAA (mex)' and 'A', with a Stable outlook**

## 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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