

Financial Markets Daily

July 30, 2021

Main drivers for the financial markets today...

- **Negative stock markets, stable USD and government bond yields down as: (1) Amazon results failed to beat analysts' expectations; (2) CDC said the 'delta' variant is more contagious than chickenpox and can be transmitted in vaccinated and unvaccinated individuals; and (3) problems with Chinese technological stocks, despite the fact that the Eurozone's GDP was better than expected**
- **Regarding economic figures, in the US, June's personal income and expenditure report will be released. Fed's favorite price indicator, the PCE Core, is estimated at 4.0% y/y (well above of the central bank's target). Likewise, the attention is on the interventions of Fed members, specifically Bullard and Brainard**
- **In the Eurozone, 2Q21 GDP grew 2.0% q/q, above the consensus estimate of 1.5% q/q, bringing the annual variation to 13.7%. Likewise, July inflation was -0.1% m/m, placing the annual variation at 2.2% (previous 1.9%)**
- **In Mexico, INEGI published 2Q21 preliminary GDP, posting a 1.5% q/q expansion. In annual terms (nsa) activity stood at +19.7%, skewed to the upside due to lockdowns in 2020. By sectors, primary activities rose 0.6% q/q (+6.7% y/y), with industry at +0.4% q/q (+28.2% y/y), impacted by supply-chain issues, and services at +2.1% q/q (+17.1% y/y), aided by a faster reopening early in the period**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Gross domestic product - 2Q21 (P)	% y/y	19.8	19.8	-3.6
7:00	Gross domestic product* - 2Q21 (P)	% q/q	1.6	1.8	0.8
10:00	Banking credit - Jun	% y/y	-12.1	--	-13.1
15:30	Public finances (PSBR, Year-to-date) - Jun	MXNmn	--	--	-214.5
<i>United States</i>					
8:30	Personal income* - Jun	% m/m	--	-0.5	-2.0
8:30	Personal spending* - Jun	% m/m	--	0.7	0.0
8:30	Real personal spending* - Jun	% m/m	--	0.3	-0.4
8:30	PCE Deflator* - Jun	% m/m	--	0.6	0.4
8:30	Core* - Jun	% m/m	--	0.6	0.5
<i>Colombia</i>					
14:00	Monetary policy decision (BanRep)	%	--	1.75	1.75
<i>China</i>					
21:00	Manufacturing PMI* - Jul	index	--	50.8	50.9
21:00	Non-manufacturing PMI* - Jul	index	--	--	53.5

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.
<i>Equity indices</i>		
S&P 500 Futures	4,386.50	-0.6%
Euro Stoxx 50	4,093.10	-0.6%
Nikkei 225	27,283.59	-1.8%
Shanghai Composite	3,397.36	-0.4%
<i>Currencies</i>		
USD/MXN	19.86	0.0%
EUR/USD	1.19	0.1%
DX	91.86	0.0%
<i>Commodities</i>		
WTI	73.44	-0.2%
Brent	75.99	-0.1%
Gold	1,828.10	0.0%
Copper	451.05	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.25	-2pb

Source: Bloomberg

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Equities

- **Stock markets conclude the week with negative bias, as concerns over decelerating growth in technology companies rose after disappointing results from Amazon, and while variant ‘delta’ contagious risks continue growing**
- **Futures in the US also anticipate a negative opening, with the S&P500 trading 0.6% below its theoretical value, after reaching yesterday all-time highs, and with attention in economic data and corporate earnings**
- **As of today, ~54% of S&P500 companies have released its results, and earnings growth stands at 87.2% vs 63.5e, with positive surprises rate at 88.2%. Today we expect 14 companies to publish its results, standing out Exxon Mobil & Chevron, the latter already with figures that surpassed expectations**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds, European assets with +/-1bp adjustments while US Treasuries post gains of up to 3bps concentrated in the mid- and long-term nodes. Yesterday, the Mbonos' curve ended with gains of 3bps on average with the 10-year node closing at 6.89% (-3bps)**
- **The dollar trades with few changes. G10 currencies performance is mixed with NOK as the weakest (-0.5%). In EM the positive bias prevails, PHP and TRY appreciate 0.6% while MXN trades little changed at 19.86%**
- **Crude oil futures are down 0.3% with investors cautious despite a reduction in China's inventories. In metals, gold is trading with minor changes at 1,828 \$/oz t while in industrials the balance is negative**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,084.53	0.4%
S&P 500	4,419.15	0.4%
Nasdaq	14,778.26	0.1%
IPC	51,634.60	0.6%
Ibovespa	125,675.30	-0.5%
Euro Stoxx 50	4,116.77	0.3%
FTSE 100	7,078.42	0.9%
CAC 40	6,633.77	0.4%
DAX	15,640.47	0.5%
Nikkei 225	27,782.42	0.7%
Hang Seng	26,315.32	3.3%
Shanghai Composite	3,411.72	1.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.20	0pb
10-year Treasuries	1.27	4pb
28-day Cetes	4.32	0pb
28-day TIE	4.51	0pb
2-year Mbono	5.61	1pb
10-year Mbono	6.91	-3pb
<i>Currencies</i>		
USD/MXN	19.85	-0.3%
EUR/USD	1.19	0.4%
GBP/USD	1.40	0.4%
DXY	91.86	-0.5%
<i>Commodities</i>		
WTI	73.62	1.7%
Brent	76.05	1.8%
Mexican mix	69.96	1.8%
Gold	1,828.17	1.2%
Copper	452.35	0.9%

Source: Bloomberg

Corporate Debt

- **Fitch Ratings affirmed the credit ratings for Industrias Bachoco and its unsecured issuance, BACHOCO 17, at ‘AAA(mex)’ with a Stable outlook. The ratings are based on its solid business position as Mexico’s larger producer and seller of poultry products**
- **HR Rating affirmed the ratings for issuances VRZCB 08 / 08U (Future Flow of 199 Veracruz State municipalities) with a Stable outlook, based on the level of the obtained target stress rate that stood at 100%**
- **Daimler México informed that S&P Global upgraded the long-term credit ratings for Daimler AG (Guarantor) to ‘A-’ from ‘BBB+’**

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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