

# Financial Markets Daily

August 3, 2021

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

- **Stock markets mixed. Asia negative amid concerns that Chinese regulators will now redirect their attention to the online entertainment sector. However, in Europe and futures in the US trend up, while the USD declines and government bond yields are predominantly up due to strong corporate earnings in Europe**
- **The situation in Chinese markets remains under pressure by actions from regulators, with adverse comments for the videogame industry (coming on top of actions against tech giants) as well as the announcement of an investigation for chip makers focused on autos**
- **In the US discussions over the infrastructure deal will now face challenges after a Republican Senator tested positive for COVID-19. Nevertheless, expectations are that Democrat leaders due everything in their power to vote for the US\$ 550 billion package this week**
- **In the US attention on comments from Michelle Bowman from the Fed, albeit also having the factory orders report for June. Later today services PMIs for China will be released. In Mexico, July's consumer confidence was released, standing at 44.3pts, unchanged vs. the previous month. Only two categories declined, being those of expectations (both for households and the country)**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Consumer confidence* - Jul	index	44.7	--	44.5
10:00	International reserves - Jul 30	US\$bn	--	--	193.2
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'26); 10-year Udibono (Nov'31) and 5-year Bondes D				
<i>Brazil</i>					
9:00	Industrial production - Jun	% y/y	--	12.5	24.0
9:00	Industrial production* - Jun	% m/m	--	0.2	1.4
<i>United States</i>					
10:00	Factory orders* - Jun	% m/m	--	1.0	1.7
10:00	Ex transportation* - Jun	% m/m	--	--	0.7
10:00	Durable goods orders* - Jul (F)	% m/m	--	0.8	0.8
10:00	Ex transportation* - Jul (F)	% m/m	--	--	0.3
14:00	Fed's Bowman, speaks at Fed conference				
	Total vehicle sales** - Jul	thousands	--	15.5	15.4
<i>China</i>					
21:45	Services PMI (Caixin)* - Jul	index	--	50.5	50.3
21:45	Composite PMI (Caixin)* - Jul	index	--	--	50.6

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	4,389.00	0.2%
Euro Stoxx 50	4,126.73	0.2%
Nikkei 225	27,641.83	-0.5%
Shanghai Composite	3,447.99	-0.5%
<i>Currencies</i>		
USD/MXN	19.85	-0.3%
EUR/USD	1.19	0.1%
DX	91.95	-0.1%
<i>Commodities</i>		
WTI	70.56	-1.0%
Brent	72.56	-0.5%
Gold	1,808.45	-0.3%
Copper	439.45	-0.9%
<i>Sovereign bonds</i>		
10-year Treasury	1.18	0pb

Source: Bloomberg

## Equities

- **Mixed movements in equity markets as investors react to positive corporate earnings results in Europe (highlighting BP and Societe Generale) and the US, amid fears of possible greater regulation in China now in the online entertainment sector and the increase of COVID-19 infections due to the delta variant. Out of the 48 S&P 500 companies scheduled to report today, 24 have already updated investors with most outperforming estimates, including ConocoPhillips and Dupont de Nemours**
- **In Asia the markets closed mixed, with negative bias. In Europe stocks advance, the Euro Stoxx adds 0.2%. Shares from energy, financials, and communication services lead gains, while those from technology and health care show losses. In turn, in the US the futures of main indices point to a positive open by rising 0.3% on average**
- **In Mexico, the Mexbol may stand around the 51,000 pts**

## Sovereign fixed income, currencies and commodities

- **Modest pressures in global rates with European bonds printing losses of 1-2bps, while US Treasuries pressure in a similar magnitude, following a relevant appreciation of up to 5bps yesterday in longer-term securities. Mbonos started the week with losses of 1bp**
- **The USD weakens with all the G10 spectrum positive, while in emerging market currencies balance is also reflecting a widespread strengthening bias with ZAR leading the gains. The Mexican peso is the fifth strongest cross, appreciating by 0.3% to 19.85 per dollar**
- **Crude oil trades with modest gains after a sharp sell-off yesterday of up to -4.5% in Brent, with the market assimilating the possible effects of the virus cases pick-up affecting global demand. In metals, price action is mostly negative today excluding silver, with copper loosing 0.9%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,838.16	-0.3%
S&P 500	4,387.16	-0.2%
Nasdaq	14,681.07	0.1%
IPC	50,869.48	0.0%
Ibovespa	122,515.70	0.6%
Euro Stoxx 50	4,116.62	0.7%
FTSE 100	7,081.72	0.7%
CAC 40	6,675.90	1.0%
DAX	15,568.73	0.2%
Nikkei 225	27,781.02	1.8%
Hang Seng	26,235.80	1.1%
Shanghai Composite	3,464.29	2.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.17	-1pb
10-year Treasuries	1.18	-4pb
28-day Cetes	4.35	3pb
28-day TIE	4.51	0pb
2-year Mbono	5.62	-1pb
10-year Mbono	6.90	1pb
<i>Currencies</i>		
USD/MXN	19.91	0.2%
EUR/USD	1.19	0.0%
GBP/USD	1.39	-0.2%
DX	92.05	-0.1%
<i>Commodities</i>		
WTI	71.26	-3.6%
Brent	72.89	-4.5%
Mexican mix	67.15	-4.4%
Gold	1,813.47	0.0%
Copper	443.30	-1.1%

Source: Bloomberg

## Corporate Debt

- **Grupo Aeroméxico informed that, in compliance with the obligations established under the DIP Financing, the company must deliver the final valuation materials to its creditors prior to the presentation of a Restructuring Plan**
- **Aeroméxico also informed that it intends to present a Restructuring Plan within the term established in the DIP Financing and hopes that said Plan will incorporate the consensual resolutions reached through mediation**
- **Médica Sur reported that it entered, as a seller, into a share purchase agreement with the company SYNLAB International GmbH (buyer), the sale will result in the acquisition of 100% of the shares representing the subsidiary Polanco Medical Laboratories' capital stock by Synlab**

## 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, Alik Daniel García Álvarez, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo and Juan Barbier Arizmendi, 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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