

# Financial Markets Daily

August 5, 2021

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

- **Stock markets mixed, with the USD relatively stable and government bond yields mostly lower. Stocks in Asia trade mainly down amid concerns about the potential impact of new mobility restrictions in China. In other regions, the boost comes from strong earnings results**
- **Investors will pay close attention to earnings results and the Fed's speakers agenda, as well as weekly jobless claims and trade balance figures in the US. In Mexico, Citibanamex's survey of expectations will be released**
- **In line with expectations, the BoE kept the reference rate at 0.1% and its asset purchase program unchanged, albeit with one dissenter in the latter. The tone and details were slightly more hawkish, admitting that modest tightening will be needed in the forecast horizon**
- **Regarding COVID-19, Israel warned about the possibility of new restrictions to fight the 'delta' variant, even with their strong progress on vaccinations. Moreover, the US is developing a plan to require virtually all foreign visitors to be vaccinated to enter the country**
- **June's factory orders in Germany rebounded 4.1% m/m, above expectations and mostly driven by domestic orders. This improvement was likely supported by less restrictions, more than compensating for lingering supply chain issues**
- **According to two key semiconductor makers, the imbalance between supply and demand will not be resolved at least until mid-2022. This contrasts with recent comments by US Commerce Secretary, Gina Raimondo, which assured that the situation for automakers has improved slightly**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
7:00	Monetary policy decision (BoE)	%	0.10	0.10	0.10
United States					
8:30	Trade balance* - Jun	US\$bn	--	-71.3	-71.2
8:30	Initial jobless claims* - Jul 31	thousands	390	380	400
10:00	Waller del Fed, habla sobre la moneda digital del banco central				
Mexico					
15:30	Survey of expectations (Citibanamex)				

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	4,405.75	0.3%
Euro Stoxx 50	4,151.38	0.2%
Nikkei 225	27,728.12	0.5%
Shanghai Composite	3,466.55	-0.3%
<i>Currencies</i>		
USD/MXN	19.94	-0.2%
EUR/USD	1.19	0.1%
DX	92.13	-0.2%
<i>Commodities</i>		
WTI	68.40	0.4%
Brent	70.55	0.2%
Gold	1,813.78	0.1%
Copper	432.70	-0.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.17	-1pb

Source: Bloomberg

## Equities

- **Stock markets mixed, while investors continue digesting corporate earnings and the rise in contagions from 'delta' strain. Futures in the US anticipate a positive opening, with the S&P500 trading 0.2% above its theoretical value and with close attention on labor market figures to be disclosed tomorrow. In Asia, Japan closed positive, but Hong Kong and China continue under pressure amid regulatory curbs. Europe trades with almost widespread gains after mixed corporate results**
- **In the corporate front, today we expect 36 companies from the S&P500 to disclose its results, standing out Moderna, AIG, Semptra & Duke Energy. In Mexico, the three airport groups published yesterday its July passengers' traffic, with a continued recovery trend. Asur and Gap keep leading the advances, already very near to pre-pandemic levels**

## Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds with European assets adjusting up to -3bps while the Treasuries yield curve posts moderate pressures on the short-end and 1bp gains on long-term securities. Yesterday, the Mbonos' curve closed with 1bp gains in the mid-end and 5bps average pressures in longer duration nodes**
- **USD trades with negative bias (BBDXY -0.1%) allowing G10 currencies to advance with AUD leading the gains (+0.4%). In EM the performance is mixed, PHP is the weakest (-1.0%) while MXN appreciates 0.2% to 19.94**
- **Crude oil prices trade with few changes with investors awaiting further information and weighing the impact of the 'delta' variant. In metals, gold trades with marginal variations at 1,812 \$/oz t, while industrials have a negative bias**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,792.67	-0.9%
S&P 500	4,402.66	-0.5%
Nasdaq	14,780.53	0.1%
IPC	51,195.43	-0.8%
Ibovespa	121,801.20	-1.4%
Euro Stoxx 50	4,144.90	0.7%
FTSE 100	7,123.86	0.3%
CAC 40	6,746.23	0.3%
DAX	15,692.13	0.9%
Nikkei 225	27,584.08	-0.2%
Hang Seng	26,426.55	0.9%
Shanghai Composite	3,477.22	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.18	1pb
10-year Treasuries	1.18	1pb
28-day Cetes	4.36	3pb
28-day TIE	4.51	0pb
2-year Mbono	5.62	0pb
10-year Mbono	6.97	3pb
<i>Currencies</i>		
USD/MXN	19.98	0.5%
EUR/USD	1.18	-0.2%
GBP/USD	1.39	-0.2%
DXY	92.27	0.2%
<i>Commodities</i>		
WTI	68.15	-3.4%
Brent	70.38	-2.8%
Mexican mix	64.55	-2.9%
Gold	1,811.74	0.1%
Copper	433.25	-1.2%

Source: Bloomberg

## Corporate Debt

- **AlphaCredit informed the petition of affiliated companies for protection under Chapter 11 of the US bankruptcy code. Except for AlphaDebit, the affiliates of the Companies operating in Mexico, including Alpha Holding and AlphaCredit Capital, are not included in the petition of Chapter 11. According to the statement, the administrator of the Trust and the Trust continue to operate on a regular basis**
- **HR Ratings upgraded Grupo Axa's rating to 'HR A' from 'HR A-' and modified the outlook to Stable from Negative. According to the agency, the upgrade is based on the placement of Senior Notes for US\$ 325 million during the month of June 2021, the proceeds obtained were used to prepay the debt**

## 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
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
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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