

Financial Markets Daily

August 9, 2021

Main drivers for the financial markets today...

- Stock markets lower –except for China, which rises on hopes of policy easing amid an economic deceleration–, USD with small changes, government bond yields lower and commodity prices losing, following the reaction to the US employment report on Friday that increases the probability that the Fed will taper sooner than expected. Europe affected by hawkish comments made by the governor of the Bundesbank
- This week the most important driver will be Banxico's monetary policy decision, in which we see a 25bps rate hike to 4.50%. Moreover, July's inflation in the United States and several other countries, as well as comments from several Fed members
- Additionally, we will have monetary policy decisions in Peru, Philippines and Turkey, monthly reports from EIA and OPEC, in tandem with quarterly earnings from 13 firms in the S&P500
- In the US, other relevant economic data includes public finances and PPI (Jul), as well as consumer sentiment from the University of Michigan (Aug) and weekly initial jobless claims
- In the Eurozone, industrial production and trade balance (Jun), along with the ZEW survey (Aug). We will have preliminary GDP (2Q21) in the UK, as well as CPI and PPI in China (Jul)
- In Mexico, July's inflation was released, standing at 0.59% m/m, slightly above consensus. In annual terms, it dropped to 5.81% from 5.88% in June. Apart from this and Banxico's decision, we will also know industrial activity (Jun), ANTAD sales, nominal wage negotiations and jobs associated to IMSS (Jul)

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
2:00	Trade balance - Jun	EURbn	--	--	12.5
<i>Mexico</i>					
7:00	Consumer prices - Jul	% m/m	0.57	0.54	0.53
7:00	Core - Jul	% m/m	0.51	0.49	0.57
7:00	Consumer prices - Jul	% y/y	5.79	5.76	5.88
<i>United States</i>					
10:00	Fed's Bostic Discusses Building an Inclusive Economy				
12:00	Fed's Barkin Speaks in Roanoke, Virginia				

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	4,422.00	-0.2%
Euro Stoxx 50	4,174.73	0.0%
Nikkei 225	27,820.04	0.0%
Shanghai Composite	3,494.64	1.1%
<i>Currencies</i>		
USD/MXN	20.00	-0.2%
EUR/USD	1.18	0.0%
DX-Y	92.76	0.0%
<i>Commodities</i>		
WTI	65.46	-4.1%
Brent	67.96	-3.9%
Gold	1,745.09	-1.0%
Copper	428.80	-1.4%
<i>Sovereign bonds</i>		
10-year Treasury	1.28	-2pb

Source: Bloomberg

Equities

- **Mixed movements in equity markets as the week begins, as strong US employment data raises concerns that the Fed may tighten monetary policy sooner than expected, while the spread of the 'delta' variant and possible inflationary pressures add to market caution**
- **In the US, futures anticipate a downward opening, with the S&P500 trading at -0.2% after posting, together with the Dow Jones, record highs. In Europe, the Stoxx 600 remains little changed. In Asia, markets closed positive, where the Shanghai Composite rose 1.1%**
- **On the corporate front, 6 S&P500 companies are scheduled to report today, highlighting Tyson Foods and Dish Network. In Mexico, Amx announced that the IFT lifted price regulation (on wholesale service) for fixed broadband in 52 municipalities across the country**

Sovereign fixed income, currencies and commodities

- **Modest positive balance in global rates with European assets adjusting -2bps. In addition, US Treasuries print a 2bps rally in mid-term securities. In Mexico, Mbonos registered last week a 13bps sell-off, on average, with the 10-year benchmark closing at 7.05% (+17bps w/w)**
- **The USD trades fairly unchanged amid a mixed performance in G10 currencies, with NOK as the weakest (-0.3%). In EM, bias is also mixed with movements bounded by +/-0.3%, while MXN trades close its 50-day MA at 20.00 per dollar (+0.2%), after a 0.9% weekly depreciation**
- **Crude-oil extends losses from the previous week due to more 'delta' cases clouding the global demand recovery. In metals, the balance registers widespread losses with copper and gold falling 1.4% and 1.0%, respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,208.51	0.4%
S&P 500	4,436.52	0.2%
Nasdaq	14,835.76	-0.4%
IPC	51,113.85	0.0%
Ibovespa	122,810.40	1.0%
Euro Stoxx 50	4,174.54	0.3%
FTSE 100	7,122.95	0.0%
CAC 40	6,816.96	0.5%
DAX	15,761.45	0.1%
Nikkei 225	27,820.04	0.3%
Hang Seng	26,179.40	-0.1%
Shanghai Composite	3,458.23	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.21	1pb
10-year Treasuries	1.30	7pb
28-day Cetes	4.50	3pb
28-day TIIE	4.51	0pb
2-year Mbono	5.69	5pb
10-year Mbono	7.05	5pb
<i>Currencies</i>		
USD/MXN	20.04	0.5%
EUR/USD	1.18	-0.6%
GBP/USD	1.39	-0.4%
DX-Y	92.80	0.6%
<i>Commodities</i>		
WTI	68.28	-1.2%
Brent	70.70	-0.8%
Mexican mix	64.67	-0.4%
Gold	1,763.03	-2.3%
Copper	434.80	0.0%

Source: Bloomberg

Corporate Debt

- **In the first week of August, no bonds were placed in the long-term debt market, prolonging the drought of bonds. Auctions are expected to return in the second half of the month with the auction of only two bonds for MXN 1.2 billion by Betterware de México, with low activity anticipated for the rest of the quarter**
- **Fitch Ratings ratified Grupo Palacio de Hierro and its GPH 19 / 19-2 / 20 issues rating at 'AAA (mex)' with a stable outlook. According to the agency, GPH's ratings reflect its strong market position and brand recognition in Mexico, financial flexibility and conservative financial profile**

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
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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