

# Financial Markets Daily

August 10, 2021

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

- **Stock markets mixed, with the USD slightly higher and government bond yields lower. Stock markets in Asia and Europe positive -with all time-highs in the latter- boosted by solid earnings, while futures in the US show little changes given the more hawkish tone from FOMC members**
- **In the US it is expected that the Senate approves the US\$ 550 billion infrastructure plan in a bi-partisan manner. After this, discussions surrounding the US\$ 3.5 trillion spending proposal could begin, albeit remembering that it can be approved with democratic support only. On top of this, two democratic Senators introduced a proposal of a 7% tax for businesses earning more than US\$100 million, to be discussed as part of the budget**
- **On economic data, in Germany the ZEW survey surprised lower, with the expectations index plummeting to 40.4pts (previous 63.3), with the outlook on COVID-19 weighing on the figure. The current situation component was better at the margin at 29.3pts (previous: 21.9). Regarding monetary policy, today in the US we will be looking into comments from Loretta Mester, who has been characterized by a hawkish tilt. This would follow comments from Rosengren and Bostic yesterday which suggested that tapering could start in autumn / winter**
- **On the virus, the number of cases and hospitalizations in the US reached a new high since February, with 38 states reporting elevated rates of transmission. Despite of this, the European Union has not restricted travel from said country. In addition, cases in China continue rising, reaching 100 symptomatic infections and triggering directed lockdowns**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
5:00	ZEW Survey (Expectations) - Aug	index	--	55.0	63.3
<i>Brazil</i>					
8:00	Consumer prices - Jul	% m/m	--	0.93	0.53
8:00	Consumer prices - Jul	% y/y	--	8.94	8.35
<i>United States</i>					
10:00	Fed's Mester Discusses Inflation Risks				
<i>Mexico</i>					
10:00	International reserves - Aug 6	US\$bn	--	--	193.4
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Nov'47); 20-year Udibono (Nov'35) and 1, 2, and 3-year Bondes D				
	ANTAD same-store sales - Jul	% y/y	--	--	21.1
	Wage negotiations - Jul	% y/y	--	--	5.0

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	4,426.50	0.0%
Euro Stoxx 50	4,189.07	0.3%
Nikkei 225	27,888.15	0.2%
Shanghai Composite	3,529.93	1.0%
<i>Currencies</i>		
USD/MXN	20.08	0.0%
EUR/USD	1.17	-0.1%
DX	93.07	0.1%
<i>Commodities</i>		
WTI	67.60	1.7%
Brent	69.98	1.4%
Gold	1,732.06	0.1%
Copper	432.00	0.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.33	0pb

Source: Bloomberg

## Equities

- **Stock markets with mixed movements, although with a positive bias. Investors remain cautious for the increase in COVID-19 cases, given the accelerated spread of the delta variant, as well as for possible inflationary pressures, and uncertainty regarding when the Federal Reserve may begin to reduce the pace of asset purchases**
- **In the US, futures anticipate a flat opening, with the S&P500 trading little changed. Meanwhile, in Europe, the Stoxx 600 is up 0.3%, reaching a record high. In Asia, markets closed positive, where the Shanghai Comp and the Hang Seng advanced 1.0% and 1.2%, respectively**
- **On the corporate front, already in the final stretch of the US reporting season, with a 90% advance, 2 S&P500 companies report today: Sysco Corp and TransDigm Group**

## Sovereign fixed income, currencies and commodities

- **Modest gains in sovereign bonds with European securities appreciating 1bp while US Treasuries strengthen 1bp from the 5-year zone onwards. Yesterday the Mbonos curve started the week with gains of 1bp, on average, with some mid-term tenors rallying up to 4bps**
- **The USD trades slightly positive amid a mixed performance in G10 currencies where CHF and JPY lead the losses by ~0.2%. In EM balance is mostly negative, though ranges are thin, with TRY being one of the few positive (+0.5%). The USD/MXN trades unchanged at 20.08**
- **Crude oil rebounds from a 3-week low amid an improvement in the demand perception despite the risks derived from the delta variant advance. EIA monthly and API inventories due today. In metals, precious trade stable, while copper falls modestly**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,101.85	-0.3%
S&P 500	4,432.35	-0.1%
Nasdaq	14,860.18	0.2%
IPC	50,900.46	-0.4%
Ibovespa	123,019.40	0.2%
Euro Stoxx 50	4,177.15	0.1%
FTSE 100	7,132.30	0.1%
CAC 40	6,813.18	-0.1%
DAX	15,745.41	-0.1%
Nikkei 225	27,820.04	0.0%
Hang Seng	26,283.40	0.4%
Shanghai Composite	3,494.64	1.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.22	1pb
10-year Treasuries	1.32	3pb
28-day Cetes	4.45	-5pb
28-day TIIIE	4.51	0pb
2-year Mbono	5.70	1pb
10-year Mbono	7.05	0pb
<i>Currencies</i>		
USD/MXN	20.08	0.2%
EUR/USD	1.17	-0.2%
GBP/USD	1.38	-0.2%
DX-Y	92.95	0.2%
<i>Commodities</i>		
WTI	66.48	-2.6%
Brent	69.04	-2.3%
Mexican mix	64.67	0.0%
Gold	1,729.94	-1.9%
Copper	428.95	-1.3%

Source: Bloomberg

## Corporate Debt

- **HR Ratings affirmed the ratings for AB&C Leasing's ABS, ABCCB 18, at 'HR AAA (E)' with a Stable outlook. The affirmation is based in the Maximum Default (26.8%) the issuance can hold in a stress scenario. Moreover, the issuer informed that on August 17, a partial early amortization will take place for MXN 54.89 million**
- **Compañía Minera Autlán informed that it closed a syndicated loan for US\$80 million with a six year term. The transaction reached a 1.3x demand. Additionally, the company informed that on August 17, the company will carry out the voluntary prepay of its structured bond, AUTLNCB 17, for an amount of MXN 253.59 million**

## 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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