

# Financial Markets Daily

August 11, 2021

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

- **Positive stock markets, S&P Futures slightly down, while government bond yields and USD are up with investors digesting the approval in the US Senate of a new infrastructure plan and the budget resolution**
- **Yesterday morning the US\$1 billion infrastructure package was approved in the US Senate with US\$550 billion in new spending. Later, Democrats in the Senate approved the US\$3.5 billion budget resolution, which includes funds to combat climate change, and establish child care programs among others. These programs will be financed with tax increases. Now the two bills have to be voted in the House of Representatives. The budget resolution will be voted on August 23 to return to committees in the Senate where the proposal will be completed before September 15**
- **Regarding economic figures, attention on the US July's inflation report. We estimate a 0.5% m/m increase in the general index. With this, the annual variation would stand at 5.3% y/y (previous 5.4%). On the other hand, we estimate core inflation at 4.3% y/y from 4.5% previously. Regarding the Fed speakers agenda, we highlight the interventions of Bostic, Logan and George**
- **In Mexico, INEGI published industrial production for June, down 0.5% m/m (+13.5% y/y) and showing signs of stagnation. There were declines in all sectors, highlighting manufacturing (-0.1%), construction (-2.0%), and mining (-0.8%)**

Gabriel Casillas  
 Chief Economist, Head of Research  
 and IRO  
 gabriel.casillas@banorte.com

Alejandro Padilla  
 Executive Director of Economic  
 Research and Financial Markets Strategy  
 alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA  
 Director of Economic Research  
 juan.alderete.macal@banorte.com

Manuel Jiménez  
 Director of Market Strategy  
 manuel.jimenez@banorte.com



www.banorte.com



@ analisis\_fundam

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Industrial production - Jun	% y/y	14.5	--	36.4
7:00	Industrial production* - Jun	% m/m	-0.2	--	0.1
7:00	Manufacturing output - Jun	% y/y	15.1	--	48.0
<i>Brazil</i>					
8:00	Retail sales - Jun	% y/y	--	6.6	16.0
8:00	Retail sales* - Jun	% m/m	--	0.1	1.4
<i>United States</i>					
8:30	Consumer prices* - Jul	% m/m	0.5	0.5	0.9
8:30	Ex. food & energy* - Jul	% m/m	0.4	0.4	0.9
8:30	Consumer prices - Jul	% y/y	5.3	5.3	5.4
8:30	Ex. food & energy- Jul	% y/y	4.3	4.3	4.5
10:30	Bostic Discusses Fed's Role in Making Economy More Inclusive				
12:00	Fed's George to Speak to Business Economists				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; \* Seasonally adjusted, \*\* Seasonally adjusted annualized rate.

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

## A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,425.75	-0.1%
Euro Stoxx 50	4,196.21	0.2%
Nikkei 225	28,070.51	0.7%
Shanghai Composite	3,532.62	0.1%
<i>Currencies</i>		
USD/MXN	20.06	-0.1%
EUR/USD	1.17	-0.1%
DX	93.18	0.1%
<i>Commodities</i>		
WTI	67.51	-1.1%
Brent	69.91	-1.0%
Gold	1,735.99	0.4%
Copper	432.35	-0.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.37	2pb

Source: Bloomberg

Document for distribution among public

## Equities

- **Stock indexes with positive bias, despite the rise of contagions and distancing measures in South Korea, with investors awaiting more information and assimilating the approval of the budget framework in the Senate, which includes tax hikes for corporations and which was not supported by the Republicans**
- **Positive performance in European indices, with the Euro Stoxx 600 advancing 0.2% being boosted by positive reports in the financial sector. S&P futures trade slightly lower indicating a flat opening, the market direction will be defined by the inflation data due to its relevance in the FOMC's next moves**
- **Most Asian stock markets ended with positive returns, the Nikkei advanced 0.7%, driven by the real estate and consumer discretionary sectors, while the Kospi declined 0.7%**

## Sovereign fixed income, currencies and commodities

- **Negative balance in global rates with European assets adjusting +3bps. In addition, US Treasuries print a 2bps sell-off in mid-term securities. In Mexico, Mbonos' curve registered yesterday an +3bps adjustment in the belly, with the 10-year benchmark closing at 7.06% (+2bps)**
- **The USD advance against all G10 currencies with AUD as the weakest (-0.2%). In EM, bias is negative with KRW leading losses, while MXN trades at 20.06 per dollar (+0.2%) slightly above its 100-day moving average, pairing two negative days in a row**
- **Crude-oil falls 1.0% after US urged to OPEC+ to boost production, pointing out that the current strategy is slow. Today's focus is on the EIA inventory report at 10:30am. In metals, the performance is positive**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,264.67	0.5%
S&P 500	4,436.75	0.1%
Nasdaq	14,788.09	-0.5%
IPC	51,114.16	0.4%
Ibovespa	122,202.50	-0.7%
Euro Stoxx 50	4,187.82	0.3%
FTSE 100	7,161.04	0.4%
CAC 40	6,820.21	0.1%
DAX	15,770.71	0.2%
Nikkei 225	27,888.15	0.2%
Hang Seng	26,605.62	1.2%
Shanghai Composite	3,529.93	1.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.24	2pb
10-year Treasuries	1.35	3pb
28-day Cetes	4.28	-17pb
28-day TIIE	4.51	0pb
2-year Mbono	5.74	4pb
10-year Mbono	7.07	2pb
<i>Currencies</i>		
USD/MXN	20.09	0.1%
EUR/USD	1.17	-0.1%
GBP/USD	1.38	0.0%
DX	93.06	0.1%
<i>Commodities</i>		
WTI	68.29	2.7%
Brent	70.63	2.3%
Mexican mix	64.35	-0.5%
Gold	1,728.93	-0.1%
Copper	435.40	1.5%

Source: Bloomberg

## Corporate Debt

- **Grupo Acosta Verde informed that it delivered to the corporate practices committee and the board of directors of Planigrupo Latam, a non-binding offer to acquire 100% of the shares representing the capital stock of Planigrupo, which shall be valid for thirty calendar days**
- **Fitch Ratings affirmed the national scale ratings for Grupo Lamosa and its unsecured note LAMOSA 19 at 'AA-(mex)' and changed the outlook to Positive from Stable reflecting the positive trend in the company's main financial results and ratios**
- **HR Ratings affirmed Fibra Hotel's ratings at 'HR AA-' with Negative outlook based on the resilience shown by the hotel portfolio after the COVID-19 pandemic's impact in the REIT's operation**

## 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.

## Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

## Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

## Last-twelve-month activities of the business areas.

*Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.*

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

## Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## Guide for investment recommendations.

	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>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

## Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V., since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

*The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.*

### Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

### Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

### Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

### Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
-------------------------	-----------------------------	----------------------------	------------------

### Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

### Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Alik Daniel García Álvarez	Senior Strategist, Equity	alik.garcia.alvarez@banorte.com	(55) 1670 - 1800
Victor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

### Corporate Debt

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

### Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

### Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.ceballos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454