

Financial Markets Daily

August 12, 2021

Main drivers for the financial markets today...

- **Stock markets with small changes, but positive bias, while government bond yields are down, amid contrasting news. China announced that it will increase oversight of ‘strategic’ sectors of the economy, while US CPI-released yesterday-, came in as expected, maintaining the same annual variation reported the previous month**
- **Regarding economic figures, in the US, jobless claims for the week ending August 7 will be released. Consensus estimates them at 375k (previous 385k), confirming that the recovery of the labor market continues. July’s producer price report will also be released. Meanwhile, in the Eurozone June’s industrial production was published showing a 0.3% m/m decline, after a 1.1% m/m contraction the previous month. With these figures, the annual variation stood at 9.7% favored by the low bases of comparison**
- **Banco de México will carry out their fifth decision of the year, in which we expect a 25bps hike, taking the reference rate to 4.50%. We believe the decision will be split again, with one or two members pushing for the rate to stay on hold. Nevertheless, chances are tilted towards a unanimous vote for a hike due to a more unfavorable outlook for inflation, especially at the core component. In our view, this would signal more strongly that a hiking cycle has likely begun—despite the central bank staying “data dependent”— even when considering some rising risks, especially related to the ‘third wave’ of COVID-19**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
2:00	Gross domestic product - 2Q21 (P)	% y/y	--	22.1	-6.1
2:00	Gross domestic product* - 2Q21 (P)	% q/q	--	4.8	-1.6
2:00	Industrial production* - Jun	% m/m	--	0.3	0.8
5:00	Industrial production* - Jun	% m/m	--	0.0	-1.0
<i>Turkey</i>					
7:00	Monetary policy decision (Central Bank of Turkey)	%	--	19.0	19.0
<i>United States</i>					
8:30	Initial jobless claims* - Aug 7	thousands	--	375	385
8:30	Producer prices* - Jul	% m/m	--	0.6	1.0
8:30	Ex. food & energy* - Jul	% m/m	--	0.5	1.0
<i>Mexico</i>					
13:00	Job creation of workers affiliated to IMSS - Jul	thousands	--	--	65.9
14:00	Monetary policy decision (Banxico)	%	4.50	4.50	4.25
<i>Peru</i>					
19:00	Monetary policy decision (BCRP)	%	--	0.25	0.25

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	4,443.25	0.1%
Euro Stoxx 50	4,223.64	0.4%
Nikkei 225	28,015.02	-0.2%
Shanghai Composite	3,524.74	-0.2%
<i>Currencies</i>		
USD/MXN	19.90	-0.1%
EUR/USD	1.17	0.0%
DXY	92.95	0.0%
<i>Commodities</i>		
WTI	68.85	-0.6%
Brent	71.16	-0.4%
Gold	1,751.70	0.0%
Copper	439.30	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.36	3pb

Source: Bloomberg

Equities

- **Mixed movements in equity markets as investors react to the China's announcement of greater regulation in strategic sectors of the economy, the continuous increase in infections due to the delta variant, as well as inflation data in the US, in line with expectations, which showed a slowdown in the rise of its components. In the corporate front, today only 3 S&P 500 companies release its results, including Walt Disney Co. after the market closes**
- **In Asia most markets closed negative. In Europe stocks are mixed, but the Euro Stoxx adds 0.4%. Shares from communication services, materials and technology lead gains, while those from real estate and utilites show losses. In turn, in the US the futures of main indices point to a flat opening (+0.1% on average), after the Dow Jones and S&P 500 hit new record highs in the previous session**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds with European assets adjusting between -1 and +3bps while the US Treasury curve prints pressures of 1bp. In the local market, the Mbonos yield curve closed yesterday with gains of 4bps on average and the 10-year node at 7.02% (-4bps)**
- **USD trades with few changes in the light of a mixed performance in G10 currencies with NOK (+0.3%) and AUD (-0.2%) at the extremes. In EM the performance is also mixed, TRY leads the gains (+0.8%) while MXN is the third strongest trading at 19.88 (+0.2%), extending yesterday's appreciation**
- **Crude oil prices fall 0.2% as the IEA cuts its global demand forecast due to the impact of the 'delta' variant in the main consumers. In metals, gold trades little changed at 1,750 \$/oz t while industrials are mixed**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,484.97	0.6%
S&P 500	4,447.70	0.2%
Nasdaq	14,765.13	-0.2%
IPC	51,311.60	0.4%
Ibovespa	122,056.30	-0.1%
Euro Stoxx 50	4,206.33	0.4%
FTSE 100	7,220.14	0.8%
CAC 40	6,857.99	0.6%
DAX	15,826.09	0.4%
Nikkei 225	28,070.51	0.7%
Hang Seng	26,660.16	0.2%
Shanghai Composite	3,532.62	0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.22	-2pb
10-year Treasuries	1.33	-2pb
28-day Cetes	4.51	23pb
28-day TIIE	4.52	1pb
2-year Mbono	5.72	-2pb
10-year Mbono	7.04	-4pb
<i>Currencies</i>		
USD/MXN	19.93	-0.8%
EUR/USD	1.17	0.2%
GBP/USD	1.39	0.2%
DXY	92.92	-0.1%
<i>Commodities</i>		
WTI	69.25	1.4%
Brent	71.44	1.1%
Mexican mix	65.24	1.4%
Gold	1,751.70	1.3%
Copper	436.75	0.3%

Source: Bloomberg

Corporate Debt

- **Banco Inxev (Trustee) reported that AlphaCredit Capital submitted a voluntary request for a declaration in commercial bankruptcy in terms of the Commercial Bankruptcy Law. Likewise, it was reported that the Trust continues to operate on a regular basis and continues to receive collections from the securitization portfolio**
- **S&P Global Ratings maintains Grupo Rotoplas and its AGUA 17-2X issue ratings at ‘mx AA-’ with a stable outlook. According to the statement, the company has an exceptional level of liquidity and low levels of leverage**
- **Coca Cola FEMSA confirmed the acquisition of the Brazilian beer brand Therezópolis. The agreement is subject to the fulfillment of certain closing conditions along with the usual regulatory approvals, expected to be carried out during 3Q21**

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