

# Financial Markets Daily

August 13, 2021

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

- **Stock markets mixed, USD slightly lower and government bond yields mostly up except for the US and UK. Stocks in Asia decline amid higher COVID-19 cases and China's regulation crackdown, while Europe and S&P500 futures are boosted by strong earnings results and the economic reopening**
- **Investors' attention today to corporate earnings results and the University of Michigan consumer confidence report, particularly households' inflation expectations**
- **Yesterday, the IEA cut its forecast of global oil demand by 550kbpd due to the resurgence of the pandemic, predicting also new excess supply for 2022**
- **On the other hand, fears of renewed bottlenecks in maritime transportation has increased due to the closure of the Ningbo-Zhoushan port in China, one of the most transited in the world. In this backdrop, maritime cost indexes remain on an upward trend**
- **Grain prices were pressured higher after the USDA unveiled new output estimates. In them, corn output forecasts were below expectations and wheat inventories are poised to drop, among others**
- **Peru raised its key interest rate for the first time in five years following an acceleration in inflation and currency losses stemming for recent political changes in the country. The central bank increased it by 25bps, to 0.5%**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Trade balance* - Jun	EURmn	--	10.8	9.4
<i>Brazil</i>					
8:00	Economic activity - Jun	% y/y	--	8.9	14.2
8:00	Economic activity* - Jun	% m/m	--	0.7	-0.4
<i>United States</i>					
10:00	U. of Michigan Confidence* - Aug (P)	index	81.2	81.1	81.2

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	4,456.50	0.0%
Euro Stoxx 50	4,233.05	0.2%
Nikkei 225	27,977.15	-0.1%
Shanghai Composite	3,516.30	-0.2%
<i>Currencies</i>		
USD/MXN	19.88	-0.4%
EUR/USD	1.18	0.3%
DX	92.81	-0.2%
<i>Commodities</i>		
WTI	68.93	-0.2%
Brent	71.20	-0.2%
Gold	1,758.68	0.3%
Copper	436.50	0.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.35	-1pb

Source: Bloomberg

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## Equities

- **Equity markets conclude the week with mixed movements as investors react to solid earnings results and the reopening of some economies, although fears continue about the rise in COVID-19 cases due to the delta variant and concerns over China's regulation. It should be noted that several stock indices trade near record highs**
- **In Asia most markets closed negative, the Nikkei fell 0.1% and the Shanghai Comp. 0.2%. In Europe stocks advance, the Euro Stoxx adds 0.2%. Shares from financials and materials lead gains, while those from energy and technology superhead losses. In turn, in the US the futures of main indices point to a flat opening, after the Dow Jones and S&P 500 hit all-time highs again in the previous session**

## Sovereign fixed income, currencies and commodities

- **Mixed performance for global rates with European securities registering slight pressures of 1-2bps while US Treasuries strengthen 1-2bps. Yesterday Mbonos rallied 6bps in the aftermath of Banxico's monetary policy decision**
- **Weak weakly close for the USD although holding a positive weekly balance. G10 currencies' performances is positive for the most except for CAD and NZD, while in EM dynamics are mixed with the USD/MXN leading the group with a 0.3% appreciation to 19.89**
- **Modest variations for crude oil prices heading for a slightly positive week with previous pressures associated to the possible effect in global demand from the virus' cases pick-up. In metals, copper falls while precious depict a stronger price action with silver outperforming**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,499.85	0.0%
S&P 500	4,460.83	0.3%
Nasdaq	14,816.26	0.3%
IPC	51,049.69	-0.5%
Ibovespa	120,701.00	-1.1%
Euro Stoxx 50	4,226.33	0.5%
FTSE 100	7,193.23	-0.4%
CAC 40	6,882.47	0.4%
DAX	15,937.51	0.7%
Nikkei 225	28,015.02	-0.2%
Hang Seng	26,517.82	-0.5%
Shanghai Composite	3,524.74	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.22	0pb
10-year Treasuries	1.36	3pb
28-day Cetes	4.55	4pb
28-day TIIE	4.53	1pb
2-year Mbono	5.67	-5pb
10-year Mbono	7.01	-3pb
<i>Currencies</i>		
USD/MXN	19.97	0.2%
EUR/USD	1.17	-0.1%
GBP/USD	1.38	-0.4%
DX	93.04	0.1%
<i>Commodities</i>		
WTI	69.09	-0.2%
Brent	71.31	-0.2%
Mexican mix	65.22	0.0%
Gold	1,752.90	0.1%
Copper	436.00	-0.2%

Source: Bloomberg

## Corporate Debt

- **Moody's de México affirmed the Central American Bank for Economic Integration (CABEI) rating at 'Aaa.mx' on the Mexican national scale with a stable outlook, derived from solid financial results, continued support from members and solid access to capital markets**
- **The stable outlook (CABEI) reflects Moody's expectation that an adequate level of capital buffers, consistent profitability and prudent lending practices will continue to balance the risks associated with a regionally concentrated loan portfolio**
- **The bondholders meeting of DMXI 15 issuance that would take place on August 17, 2021, was canceled by request of the issuer**

## 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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