

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets trading lower, with USD slightly up and government bond yields higher, as: (1) The Jackson Hole symposium organized by the Kansas City Fed gets closer, with the possibility of an early 'tapering' announcement; (2) growth deceleration in China; and (3) heightened geopolitical tensions with the triumph of the Taliban in Afghanistan
- Specifically, July's retail sales (8.5% y/y), industrial production (6.4%) and gross fixed investment (10.3% year-to-date) in China were lower than expected and relative to the rebound seen in the previous month. This result suggests a renewed impact from higher cases due to the 'delta' variant, including its effect on supply chains and consumer confidence
- In addition, Japan is poised to expand and extend for at least another two weeks the virus state of emergency in Tokyo, particularly as the number of serious cases and patients in hospitals reaches new records. Despite of this, GDP in 2Q21 managed to stay in positive territory at 0.3% q/q, helped by higher business investment and government spending
- This week, the market will be attentive to the Fed minutes and the speeches of several of its members, highlighting Jerome Powell. Additionally, we will have monetary policy decisions in Norway, Indonesia and New Zealand
- In the US, releases include retail sales, industrial production, home starts and building permits (Jul), the Empire and Philly Fed regional manufacturing surveys (Aug), as well as weekly initial jobless claims
- In the Eurozone the most important economic reports will come from GDP, employment and current account (2Q21), as well as inflation (Jul)
- In Mexico, the economic agenda will be much more limited, stressing out the GDP monthly proxy *Timely Indicator of Economic Activity* (Jul) and the survey of expectations from Citibanamex

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Empire manufacturing* - Aug	index	30.6	26.3	43.0

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.

Document for distribution among public

August 16, 2021

Gabriel Casillas
IRO and Chief Economist
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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,452.75	-0.2%
Euro Stoxx 50	4,203.82	-0.6%
Nikkei 225	27,523.19	-1.6%
Shanghai Composite	3,517.35	0.0%
Currencies		
USD/MXN	19.90	0.1%
EUR/USD	1.18	-0.2%
DXY	92.60	0.1%
Commodities		
WTI	67.35	-1.6%
Brent	69.55	-1.5%
Gold	1,773.45	-0.4%
Copper	432.00	-1.6%
Sovereign bonds		
10-year Treasury	1.28	0pb

Source: Bloomberg

Equities

- Equity markets kicked-off the week with a negative performance due to concerns about global economic growth following lower-than-expected China data and the spread of the 'delta' variant, as well as fears about the potential geopolitical implications of the collapse of the Afghanistan government. Meanwhile, investors are still looking for signals regarding when the tapering may start
- In Asia the markets closed negative. There were no operations in South Korea due to a holiday. Stocks lower in Europe, with the Euro Stoxx declining 0.6%. Shares from consumer discretionary, energy, and consumer staples sectors lead losses. In turn, US futures of main indices point to a negative open by falling 0.3% on average

Sovereign fixed income, currencies and commodities

- Negative balance in global rates, with European assets adjusting +2bps. In addition, US Treasuries print a 1bp sell-off in the longest-end of the yield curve. In Mexico, Mbonos' curve registered last week a 11bps rally, with the 10-year benchmark closing at 6.96% (-9bps w/w)
- The USD advances against the majority of G10 currencies except for JPY and CHF. In EM, bias is negative with PHP leading losses (-0.2%), while MXN trades at 19.90 per dollar (-0.1%), below its 50-day moving average, after a 0.8% weekly appreciation
- Crude-oil falls 1.5% assimilating weak economic data in China and the rise in infections of the 'delta' variant, clouding the recovery of global demand. Widespread losses in metals, with copper and gold adjusting -1.6% and -0.4%, respectively

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	35,515.38	0.0%
S&P 500	4,468.00	0.2%
Nasdaq	14,822.90	0.0%
IPC	51,490.94	0.9%
Ibovespa	121,193.80	0.4%
Euro Stoxx 50	4,229.70	0.1%
FTSE 100	7,218.71	0.4%
CAC 40	6,896.04	0.2%
DAX	15,977.44	0.3%
Nikkei 225	27,977.15	-0.1%
Hang Seng	26,391.62	-0.5%
Shanghai Composite	3,516.30	-0.2%
Sovereign bonds		
2-year Treasuries	0.21	-2pb
10-year Treasuries	1.28	-8pb
28-day Cetes	4.56	1pb
28-day TIE	4.75	22pb
2-year Mbono	5.64	-4pb
10-year Mbono	6.97	-4pb
Currencies		
USD/MXN	19.88	-0.4%
EUR/USD	1.18	0.6%
GBP/USD	1.39	0.4%
DX	92.52	-0.6%
Commodities		
WTI	68.44	-0.9%
Brent	70.59	-1.0%
Mexican mix	64.59	-1.0%
Gold	1,779.74	1.5%
Copper	438.15	0.7%

Source: Bloomberg

Corporate Debt

- S&P Global Ratings upgraded its ratings to 'mxAA +' and 'mxA-1 +' from Navistar Financial and removed them from Positive CreditWatch after a similar action on its holding company. The outlook is Stable. According to the agency, on July 1st, 2021, TRATON SE ('BBB / Stable') completed the acquisition of Navistar International Corp. (NIC). Therefore, on July 9, 2021, S&P raised Navistar International Corp.'s long-term global scale rating to 'BBB' from 'B'
- S&P Global Ratings assigned a rating of 'mxA-1 +' to PACCAR Financial México's (Pacfin) short-term bond certificate program. According to the statement, the issuance ratings are equal to Pacfin's short-term and long-term issuer credit ratings, as the debt is rated on an equal footing (pari passu) with respect to total existing unsecured debt and future of the entity

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
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>
SELL	<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.

GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy

Gabriel Casillas Olvera	IRO and Chief Economist	gabriel.casilla@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 - 2250
Víctor 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	hugoa.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 Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
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