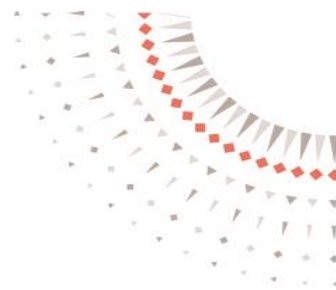


# Financial Markets Daily



August 18, 2021

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

- Negative stock markets, ex Asia, mixed government bond yields and stable USD with investors cautious about the impact that rising infections could have on the economic recovery and awaiting further clues on *tapering* in the FOMC's minutes
- The Fed's last monetary policy minutes will be key to evaluating the different opinions of the central bank members, which will give greater evidence of the most probable moment in which the *tapering* will begin. However, it is worth mentioning that after said meeting there has been a plethora of Fed members interventions. Likewise, it must be considered that two very relevant economic reports have been released that could change the inclination of some of them: July's nonfarm payrolls and inflation
- Additionally, the agenda in the US includes housing data, James Bullard of the Fed speaking on the economic outlook, as well as Biden's potential announcement on the approval of a third shot of COVID-19 vaccine, and how the situation in Afghanistan evolves
- In the Eurozone, inflation exceeded the central bank's target of 2.0% y/y in July, reaching 2.3%. We estimate that inflation will remain above the target for the remainder of the year, beginning to moderate towards the beginning of 2022
- Banxico will offer a USD financing auction using US\$ 400 million of the swap line mechanism with the Federal Reserve aiming to rollover the operations held in May

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone and UK</b>					
2:00	Consumer prices - Jul	% y/y	--	2.3	2.4
2:00	Core - Jul	% y/y	--	2.1	2.3
5:00	Consumer prices - Jul (F)	% y/y	--	2.2	1.9
5:00	Core - Jul (F)	% y/y	--	0.7	0.7
<b>United States</b>					
8:30	Housing starts** - Jul	thousands	--	1,605	1,643
8:30	Building permits** - Jul	thousands	--	1,610	1,594
14:00	FOMC Meeting Minutes				

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.
<b>Equity indices</b>		
S&P 500 Futures	4,439.50	-0.1%
Euro Stoxx 50	4,189.15	-0.2%
Nikkei 225	27,585.91	0.6%
Shanghai Composite	3,485.29	1.1%
<b>Currencies</b>		
USD/MXN	19.98	-0.1%
EUR/USD	1.17	0.0%
DX	93.15	0.0%
<b>Commodities</b>		
WTI	67.40	1.2%
Brent	69.96	1.3%
Gold	1,784.47	-0.1%
Copper	417.45	-0.7%
<b>Sovereign bonds</b>		
10-year Treasury	1.28	1pb

Source: Bloomberg

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## Equities

- Mixed movements in stock markets, though with negative bias. Caution among investors continues as infections from the 'delta' variant keep rising, and amid the scope of lower stimuli and higher inflation. As such, futures in the US show no clear trend, with the S&P500 trading slightly below its theoretical value, after yesterday's important losses and all eyes on Fed minutes
- In Europe we observe marginal mixed movements, reacting to inflation data and while risks from the pandemic over economic growth continue. Asia closed with almost widespread gains, after cheap stock buying reacting from recent losses
- In the corporate front, with very few earnings releases from S&P500 companies, Target posted better than expected results, while Cisco will do the same in the aftermarket

## Sovereign fixed income, currencies and commodities

- Mixed 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, the Mbonos' yield curve registered yesterday gains of 2bps, on average, with the 10-year benchmark closing at 7.04% (-4bps)
- The USD trades fairly unchanged amid a mixed performance in developed currencies under ranges bounded by +/-0.3%. In EM, bias is positive with KRW leading gains (+0.7%), while MXN trades at 19.97 per dollar (+0.2%), pairing two negative sessions in a row
- Crude-oil climbs assimilating a drop in inventories reported yesterday by the API. In this sense, the IEA will release today at 10:30am its weekly US inventory report. In metals, performance registers widespread losses with copper adjusting -0.8%, while gold trades at 1,784 \$/oz t (-0.1%)

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	35,343.28	-0.8%
S&P 500	4,448.08	-0.7%
Nasdaq	14,656.18	-0.9%
IPC	51,576.58	0.4%
Ibovespa	117,903.80	-1.1%
Euro Stoxx 50	4,196.40	-0.1%
FTSE 100	7,181.11	0.4%
CAC 40	6,819.84	-0.3%
DAX	15,921.95	0.0%
Nikkei 225	27,424.47	-0.4%
Hang Seng	25,745.87	-1.7%
Shanghai Composite	3,446.98	-2.0%
<b>Sovereign bonds</b>		
2-year Treasuries	0.21	0pb
10-year Treasuries	1.26	0pb
28-day Cetes	4.51	-6pb
28-day TIIE	4.75	0pb
2-year Mbono	5.68	-1pb
10-year Mbono	7.06	-2pb
<b>Currencies</b>		
USD/MXN	20.01	0.6%
EUR/USD	1.17	-0.6%
GBP/USD	1.37	-0.8%
DXV	93.13	0.5%
<b>Commodities</b>		
WTI	66.59	-1.0%
Brent	69.03	-0.7%
Mexican mix	62.93	-0.9%
Gold	1,786.19	-0.1%
Copper	420.45	-2.7%

Source: Bloomberg

## Corporate Debt

- HR Ratings ratified OPSIMEX's rating at 'HR AA +', modifying the outlook to Positive from Stable. It also ratified the short-term rating at 'HR1'. According to the agency, the ratification and modification of perspective is due to the decrease in the net debt levels
- Operadora de Sites Mexicanos (OPSIMEX) has two issuances in the long-term debt market, OSM 15 / 15U, with an outstanding amount of MXN 18.8 billion and maturities in 2025 and 2030
- Fitch Ratings affirmed and withdrew START Banregio's ratings of 'AA (mex)' and 'F1 + (mex)' due to commercial issues; the rating outlook was Negative

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

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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.

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