

Financial Markets Daily

August 23, 2021

Main drivers for the financial markets today...

- Stock markets positive, with the USD lower and government bond yields higher given that global economic data in the past few weeks have shown lower growth, in tandem with increased contagions of the 'delta' variant which could delay the Fed's plans to start tapering. In addition, lower uncertainty about the possible reappointment of Powell as Fed Chair after comments from Yellen during the weekend
- The key market drivers this week will be Powell's comments from the Fed at the Jackson Hole symposium hosted by the Kansas City Fed, as well as Banxico's minutes of its latest monetary policy decision
- Additionally, we will have monetary policy decisions in Israel, Hungary and South Korea. The US House of Representatives will vote on the draft budget, and VP Kamala Harris will visit Vietnam and Singapore with the focus on tackling the semiconductors shortages
- In the US, revised GDP (2Q21), core PCE deflator, personal income and spending, durable goods orders and housing figures (Jul) will be released, along with the University of Michigan consumer sentiment index (Aug). In addition, we will have comments from members of the Fed. In the Eurozone, consumer confidence and PMI business sentiment indicators (Aug) will be published
- In Mexico, June's retail sales stood at -0.6% m/m (17.7% y/y). In coming days, the main economic reports will be the final GDP and current account (2Q21), GDP monthly proxy IGAE (Jun), unemployment rate and trade balance (Jul), as well as CPI (1q-Aug)

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
3:30	GER - Composite PMI (Markit)* - Aug (P)	index	--	62.0	62.4
4:00	EZ - Composite PMI (Markit)* - Aug (P)	indice	--	59.6	60.2
4:30	UK - Manufacturing PMI* - Aug (P)	index	--	59.5	60.4
4:30	UK - Services PMI* - Aug (P)	index	--	59.1	59.6
9:00	Consumer confidence* - Aug (P)	indice	--	-4.9	-4.4
<i>Mexico</i>					
7:00	Retail sales - Jun	% y/y	18.4	--	29.7
7:00	Retail sales* - Jun	% m/m	-0.3	--	0.6
<i>United States</i>					
9:45	Composite PMI (Markit)* - Aug (P)	index	--	--	59.9
10:00	Existing home sales** - Jul	millions	--	5.8	5.9

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

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Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,452.75	0.4%
Euro Stoxx 50	4,174.03	0.6%
Nikkei 225	27,494.24	1.8%
Shanghai Composite	3,477.13	1.5%
<i>Currencies</i>		
USD/MXN	20.32	-0.2%
EUR/USD	1.17	0.2%
DX	93.25	-0.3%
<i>Commodities</i>		
WTI	64.03	2.7%
Brent	67.24	3.2%
Gold	1,790.81	0.5%
Copper	422.20	2.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.27	2pb

Source: Bloomberg

Equities

- We are starting a new week with widespread gains in stock markets, as last week's selloff has boosted cheap stock buying, with hopes that central bankers may keep stimulus, amid lingering risks to the global economic recovery, in the midst of rising 'delta' contagions
- As such, futures in the US anticipate a positive opening, with the S&P500 trading 0.3% above its theoretical value. Investors are focused on Jackson Hole Symposium to be held from next Thursday unto the weekend, looking for any hint that may show a cautious tapering, with no hurries
- In Asia the trading session concluded in green, as concerns over China's regulatory crackdowns seem to ease. Europe trades also positive, supported by strong PMI figures, while luxury and retail stocks lead the advance

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 the longest-end of the yield curve. In Mexico, the Mbonos' yield curve registered a 2bps sell-off last week, on average
- The USD trades down (DXY -0.3%) amid a favorable performance in developed currencies with NOK leading gains (+0.8%). In EM, bias is positive with ZAR as the strongest (+0.6%), while MXN trades at 20.32 per dollar (+0.2%), after a 2.4% weekly depreciation
- Crude-oil climbs after its worst weekly performance since October due to more infections clouding the global demand recovery. In metals, balance registers widespread gains with copper adjusting +2.1%, while gold trades at 1,791 \$/oz t (+0.5%)

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,120.08	0.6%
S&P 500	4,441.67	0.8%
Nasdaq	14,714.66	1.2%
IPC	51,414.32	0.6%
Ibovespa	118,052.80	0.8%
Euro Stoxx 50	4,147.50	0.6%
FTSE 100	7,087.90	0.4%
CAC 40	6,626.11	0.3%
DAX	15,808.04	0.3%
Nikkei 225	27,013.25	-1.0%
Hang Seng	24,849.72	-1.8%
Shanghai Composite	3,427.33	-1.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.22	0pb
10-year Treasuries	1.26	1pb
28-day Cetes	4.54	3pb
28-day TIE	4.76	0pb
2-year Mbono	5.60	-3pb
10-year Mbono	7.03	-3pb
<i>Currencies</i>		
USD/MXN	20.37	1.0%
EUR/USD	1.17	0.2%
GBP/USD	1.36	-0.1%
DXY	93.50	-0.1%
<i>Commodities</i>		
WTI	62.32	-2.2%
Brent	65.18	-1.9%
Mexican mix	59.16	-1.8%
Gold	1,781.11	0.0%
Copper	412.30	2.0%

Source: Bloomberg

Corporate Debt

- This week we expect the auction of two unsecured sustainable bonds from Betterware de México (BWMX 21X / 21-2X) for an amount of up to MXN 1.5 billion with 4- and 7-year terms. The bonds will mark August's first long-term auctions
- HR Ratings affirmed ALPHACB 18's ratings at 'HR A+ (E)' keeping the Negative Watch after the bankruptcy application by AlphaCredit
- S&P Global and Moody's assigned the 'mxAAA/Aaa.mx' ratings for Volkswagen Leasing's proposed issuance, VWLEASE 21-2, that will be issued for an amount of up to MXN 2.0 billion

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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