

Financial Markets Daily

August 24, 2021

Main drivers for the financial markets today...

- **Mixed stock markets and government bond yields with a stable USD. Asia and S&P Futures, as well as government bond yields in this geography up amid optimism about a quicker-than-expected economic recovery. In Asia also boosted by cheap stock buying after the important price declines due to Chinese heightened regulation. However, stock markets and government bond yields in Europe are down due to concerns that the potential economic impact of the 'delta' variant and the fact that 'tapering' in the US might be getting closer, might hinder economic recovery in an economy that has recovered at a slower pace than Asia and the US**
- **In the US, tensions between moderate and progressive Democrats prevented a vote from taking place on Monday in the House of Representatives on the US\$3.5 trillion budget proposal. Now negotiations will continue on Tuesday**
- **As for the situation in Afghanistan, the US will face pressure from the G7 to extend the exit deadline for US troops, but this seems unlikely as the environment becomes increasingly dangerous. Vice President Kamala Harris will arrive in Vietnam to meet with political leaders and business groups**
- **In Mexico, INEGI published 1H-August's inflation at -0.02% 2w/2w, benefitted by a price ceiling on LP gas. The core came in at 0.28% 2w/2w. With these results, annual inflation came in at 5.58% (previous: 5.86%), with the core at 4.78% (previous: 4.68%)**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
2:00	Gross domestic product* - 2Q21 (F)	% q/q	--	1.5	1.5
<i>Mexico</i>					
7:00	Consumer prices - Aug 15	% 2w/2w	0.03	0.05	0.24
7:00	Core - Aug 15	% 2w/2w	0.24	0.20	0.13
7:00	Consumer prices - Aug 15	% y/y	5.64	5.66	5.86
10:00	International reserves - Aug 20	US\$bn	--	--	193.2
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 10-year Mbono (May'31); 3-year Udibono (Nov'23) and 1, 2, and 3-year Bondes D				
<i>United States</i>					
10:00	New home sales** - Jul	thousands	--	700	676

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	4,484.25	0.2%
Euro Stoxx 50	4,179.42	0.1%
Nikkei 225	27,732.10	0.9%
Shanghai Composite	3,514.47	1.1%
<i>Currencies</i>		
USD/MXN	20.34	0.1%
EUR/USD	1.17	-0.1%
DX	93.02	0.1%
<i>Commodities</i>		
WTI	66.84	1.8%
Brent	70.09	1.9%
Gold	1,805.42	0.0%
Copper	425.45	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	1.27	1pb

Source: Bloomberg

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Equities

- **Stock markets with mixed movements and positive bias, after an upward start of the week driven by the full FDA's approval of Pfizer-BioNTech's vaccine, amid lingering concerns about the spread of COVID-19. Meanwhile, as investors await word on the Fed's monetary policy course, attention focuses on the Jackson Hole symposium this week**
- **In the US, futures anticipate a positive opening, with the S&P500 trading at +0.2% and the Nasdaq at +0.3%, after posting a new record high in the previous session. In Europe, the Stoxx 600 remains little changed as progress in the materials and energy sectors is offset by declines in healthcare and utilities**
- **In Asia, markets closed with gains, highlighting the Hang Seng and Shanghai Comp with increases of 2.5% and 1.1%, respectively**

Sovereign fixed income, currencies and commodities

- **Mixed balance in global rates with European assets adjusting -1bp. In addition, US Treasuries print a 1bp sell-off, on average. In Mexico, the Mbonos' yield curve registered yesterday a 4bps rally, on average, with the 10-year benchmark closing at 6.98% (-4pb)**
- **The USD trades fairly unchanged amid a favorable performance in G10 currencies with NZD leading gains (+0.8%). In EM, bias is positive with THB as the strongest (+1.3%), while MXN trades at 20.33 per dollar (-0.1%), after a 0.2% appreciation yesterday**
- **Crude-oil climbs with Brent trading at 70 \$/bbl due to the expectation that the coronavirus variant's hit to demand may be transitory. In metals, balance registers widespread gains with copper and silver adjusting +0.6% and +0.5%, respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,335.71	0.6%
S&P 500	4,479.53	0.9%
Nasdaq	14,942.65	1.5%
IPC	52,054.64	1.2%
Ibovespa	117,471.70	-0.5%
Euro Stoxx 50	4,176.42	0.7%
FTSE 100	7,109.02	0.3%
CAC 40	6,683.10	0.9%
DAX	15,852.79	0.3%
Nikkei 225	27,494.24	1.8%
Hang Seng	25,109.59	1.0%
Shanghai Composite	3,477.13	1.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.22	0pb
10-year Treasuries	1.25	0pb
28-day Cetes	4.54	0pb
28-day TIE	4.76	0pb
2-year Mbono	5.54	-6pb
10-year Mbono	6.99	-4pb
<i>Currencies</i>		
USD/MXN	20.32	-0.2%
EUR/USD	1.17	0.4%
GBP/USD	1.37	0.7%
DX	92.96	-0.6%
<i>Commodities</i>		
WTI	65.64	5.3%
Brent	68.75	5.5%
Mexican mix	62.22	5.2%
Gold	1,805.43	1.4%
Copper	422.10	2.4%

Source: Bloomberg

Corporate Debt

- **Fitch Ratings ratified Banco Actinver and Actinver Casa de Bolsa's long and short-term ratings at 'AA (mex)' and 'F1 + (mex)' and Corporación Actinver and Arrendadora Actinver's at 'AA- (mex)' and 'F1+ (mex)', respectively. Likewise, it revised the outlook to Stable from Negative**
- **According to the agency, the outlook revision on Actinver considers its strong focus on the asset management business and a diversified income base that makes its performance to continue to be resistant to the economic cycle and allows it to partially absorb the challenges of the operative backdrop**
- **The non-compliance cause in the issuances BRHCCB 07-2U / 07-3U / 08U / 08-2U / 08-3U / 08-4U / 08-5U (Su Caita RMBS) continues due to non-payment of interest**

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldivar, 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 Thalia 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
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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