

Financial Markets Daily

August 25, 2021

Main drivers for the financial markets today...

- **Mixed stock markets trading in narrow ranges following new all-time highs in US indices yesterday, with investors waiting for the Jackson Hole symposium. Moreover, they assimilate possible new regulation to Chinese companies listed in the US. Government bond yields are up and the USD little changed. Market participants will focus today on the release of more earnings results and Mary Daly's economic speech**
- **Yesterday the US House of Representatives approved the US\$ 3.5 trillion budget despite the division between progressive and moderate Democrats. Now the vote on the infrastructure package for US\$ 550 billion is scheduled to take place on September 27**
- **In Mexico, INEGI published 2Q21 final GDP, posting a 1.5% q/q expansion, in line with the preliminary print. In annual terms (nsa) activity stood at 19.6 % (preliminary: 19.7%), skewed to the upside due to lockdowns in 2020. By sectors, primary activities rose 0.8% q/q (+6.7% y/y), with industry at +0.3% q/q (+27.9% y/y), and services at +2.0% q/q (+17.1% y/y), with the latter two revised down vs to the preliminary print**
- **INEGI also released June's GDP-proxy IGAE, falling 0.9% m/m (+13.3% y/y). By sectors, all components were lower, with services at -0.7% and industry falling 0.5%, likely impacted by worsening COVID-19 dynamics. Primary activities plunged 4.4%**

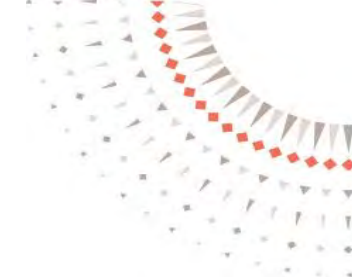
The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
4:00	IFO Survey (business climate)* - Aug	index	--	100.3	100.8
Mexico					
7:00	Gross domestic product - 2Q21 (F)	% y/y	20.0	19.8	19.7
7:00	Gross domestic product - 2Q21 (F)	% q/q	1.7	1.6	1.5
7:00	Global economic activity indicator (IGAE) - Jun	% y/y	13.1	13.8	25.1
7:00	Global economic activity indicator (IGAE)* - Jun	% m/m	-0.1	-0.3	0.6
10:00	Current account - 2Q21	US\$bn	--	3.6	-5.1
Brazil					
8:00	Consumer prices - Aug	% 2w/2w	--	0.8	0.7
8:00	Consumer prices - Aug	% y/y	--	9.2	8.6
United States					
8:30	Durable goods orders* - Jul (P)	% m/m	--	-0.2	0.9
8:30	Ex transportation* - Jul (P)	% m/m	--	0.5	0.5
11:00	Fed's Daly Discusses Fintech and Racial Equity				
South Korea					
	Monetary policy decision (South Korea)	%	--	0.50	0.50

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


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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,482.00	0.0%
Euro Stoxx 50	4,180.89	0.1%
Nikkei 225	27,724.80	0.0%
Shanghai Composite	3,540.38	0.7%
<i>Currencies</i>		
USD/MXN	20.27	0.3%
EUR/USD	1.17	-0.2%
DX	93.04	0.2%
<i>Commodities</i>		
WTI	67.95	0.6%
Brent	71.40	0.5%
Gold	1,794.18	-0.5%
Copper	428.10	0.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.30	1pb

Source: Bloomberg

Equities

- **Mixed movements and small changes in equity markets as investors are cautious after US indices hit new all-time highs in the previous session (Nasdaq and S&P 500) and await the Jackson Hole symposium tomorrow. On the other hand, uncertainty returned due to possible greater regulation in Chinese companies listed in the US**
- **In Asia the markets closed mixed. In Europe stocks are mixed, with the Euro Stoxx unchanged. Shares from consumer discretionary and financials sector lead gains, while those from materials and utilities superhead losses. In turn, in the US the futures of main indices remain little changed pointing to a flat opening**
- **In Mexico, the Mexbol could stay close to 52,000 pts**

Sovereign fixed income, currencies and commodities

- **Modest pressures in sovereign bonds, especially in European securities, while the US Treasuries' curve adjusts around +1pb with pressures focused in short- and mid-term tenors. Yesterday, the Mbonos' curve closed with a 1bp loss, on average**
- **Little changes in the USD performance, with a modest positive tone for the DXY amid slight losses in the G10 universe, however all crosses trade under narrow ranges. In EM FX the balance is mixed and the Mexican peso trades as the weakest in the group, depreciating 0.3% to 20.27 per dollar**
- **Crude oil prices revert a session opening moderating the recovery of the last two days, following a sharp fall last week amid the uncertainty of the impact to global demand from the pick-up in virus cases. Mixed metals, with industrials outperforming and precious negative**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,366.26	0.1%
S&P 500	4,486.23	0.1%
Nasdaq	15,019.80	0.5%
IPC	51,985.00	-0.1%
Ibovespa	120,210.80	2.3%
Euro Stoxx 50	4,178.08	0.0%
FTSE 100	7,125.78	0.2%
CAC 40	6,664.31	-0.3%
DAX	15,905.85	0.3%
Nikkei 225	27,732.10	0.9%
Hang Seng	25,727.92	2.5%
Shanghai Composite	3,514.47	1.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.22	0pb
10-year Treasuries	1.29	4pb
28-day Cetes	4.49	-5pb
28-day TIE	4.75	0pb
2-year Mbono	5.55	1pb
10-year Mbono	7.00	1pb
<i>Currencies</i>		
USD/MXN	20.21	-0.5%
EUR/USD	1.18	0.1%
GBP/USD	1.37	0.1%
DXY	92.89	-0.1%
<i>Commodities</i>		
WTI	67.54	2.9%
Brent	71.05	3.3%
Mexican mix	64.40	3.5%
Gold	1,802.90	-0.1%
Copper	426.05	0.9%

Source: Bloomberg

Corporate Debt

- **Alpha Credit Capital reported that the court rejected the voluntary request for declaration in Bankruptcy. According to the statement, the Court has requested more information to substantiate the admission to commercial bankruptcy, specifically in relation to liabilities in default for a period greater than 30 days and the situation of liquid assets**
- **S&P Global Ratings ratified Liverpool's long-term global scale issuer credit ratings at 'BBB', and long-term and short-term national scale issuer credit ratings at 'mxAAA' and 'mxA-1 +', respectively. The outlook remains negative, reflecting his view that downside risks for Liverpool persist due to weak economic conditions and the rebound in coronavirus infections in Mexico, along with sovereign risks**

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 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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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>

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