

Financial Markets Daily

August 26, 2021

Main drivers for the financial markets today...

- Stock markets with small changes, but negative bias, while USD and government bond yields slightly up ahead of the beginning of Jackson Hole symposium, with special focus on Powell's speech, tomorrow
- Regarding economic figures, in the US the revision to 2Q21 GDP figures will be released. We estimate a 6.6% saar growth (preliminary 6.5%), with personal consumption up 12.0% (preliminary 11.8%). Jobless claims for the week ending August 21 will also be published (consensus 350k, previous 348k)
- In Mexico, Banxico will publish the minutes of the August 12th meeting, in which, in line with expectations, the Board decided to hike the reference rate by 25bps to 4.50%. As part of the recent changes to the communication strategy, we know that the dissenters were Deputy Governors Galia Borja and Gerardo Esquivel. We will be looking into the reasons behind their vote as well as if they outline factors that could sway them going forward. We will also be on the look to the discussion on inflation, especially as updated forecasts were presented for the first time in the statement. We will analyze comments about recent dynamics and the balance of risks for the new estimates
- INEGI released July's employment report. The unemployment rate rose to 4.38%, with 1.3 million new jobs. With seasonally adjusted figures we saw an adjustment upward to 4.09% (+12bps)

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
4:00	Monetary aggregates (M3)* - jul	% a/a	--	7.6	8.3
<i>Mexico</i>					
7:00	Unemployment rate - Jul	%	4.29	4.10	4.02
10:00	Banxico's minutes				
<i>United States</i>					
8:30	Initial jobless claims* - Aug 21	thousands	345	350	348
8:30	Gross domestic product** - 2Q21	% q/q	6.6	6.7	6.5
8:30	Personal consumption** - 2Q21	% q/q	12.0	12.3	11.8
19:00	Fed's Annual Jackson Hole Policy Retreat				

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	4,492.00	0.0%
Euro Stoxx 50	4,164.34	-0.4%
Nikkei 225	27,742.29	0.1%
Shanghai Composite	3,501.66	-1.1%
<i>Currencies</i>		
USD/MXN	20.31	0.3%
EUR/USD	1.18	0.0%
DX	92.85	0.0%
<i>Commodities</i>		
WTI	67.66	-1.0%
Brent	71.64	-0.8%
Gold	1,788.63	-0.1%
Copper	425.00	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	1.35	2pb

Source: Bloomberg

Equities

- **Mostly negative movements in international equity markets, as investors remain cautious ahead of today's highly anticipated Jackson Hole symposium, where they await indications of when the Fed may start tapering its monetary stimulus program**
- **In the US, futures anticipate a flat opening, with the S&P500 trading little changed after reaching, together with the Nasdaq, record highs at the close of the previous session. In Europe, the Stoxx 600 is down 0.4%. In Asia, the Hang Seng and Shanghai Comp fell 1.1%**
- **In Mexico, yesterday the Mexbol closed at all-time highs. Also, Volar announced that it already has the authorization to operate in El Salvador (expected to start in September), which is favorable as it expands its operations now in the southern part of the continent, replicating its successful business model**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds are trading with marginal variations awaiting further information, European assets and the US Treasury curve registered movements of less than +1bp. Yesterday, the Mbonos' curve closed with pressures of 3bp on average in short- and mid-term maturities, while the long-end of the curve ended with gains of 1bp on average**
- **The dollar trades with a slightly positive bias in light of moderate losses in G10 currencies operating in narrow ranges. In the EM group, the performance is mixed with ZAR leading the gains (+0.3%) while MXN is the weakest declining 0.3% to 20.30 per dollar**
- **Crude oil prices fall 1.0% on concerns that the 'delta' variant will impact the recovery in global demand. In metals, gold trades with marginal changes at 1,790 \$/oz t while the balance in industrials is negative**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,405.50	0.1%
S&P 500	4,496.19	0.2%
Nasdaq	15,041.86	0.1%
IPC	52,345.39	0.7%
Ibovespa	120,817.70	0.5%
Euro Stoxx 50	4,181.12	0.1%
FTSE 100	7,150.12	0.3%
CAC 40	6,676.48	0.2%
DAX	15,860.66	-0.3%
Nikkei 225	27,724.80	0.0%
Hang Seng	25,693.95	-0.1%
Shanghai Composite	3,540.38	0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	0.24	2pb
10-year Treasuries	1.34	5pb
28-day Cetes	4.48	-1pb
28-day TIIE	4.75	0pb
2-year Mbono	5.56	1pb
10-year Mbono	7.01	0pb
<i>Currencies</i>		
USD/MXN	20.24	0.2%
EUR/USD	1.18	0.1%
GBP/USD	1.38	0.2%
DXY	92.83	-0.1%
<i>Commodities</i>		
WTI	68.36	1.2%
Brent	72.25	1.7%
Mexican mix	65.43	1.6%
Gold	1,791.00	-0.7%
Copper	427.60	0.4%

Source: Bloomberg

Corporate Debt

- **Orbia reported that it made the first disposal for €30 million of the Euro Commercial Paper program with a maturity date of September 23, 2021. The notes are issued under the Euro Commercial Paper Program established by Orbia on June 2, 2021 for up to €750 million**
- **HR Ratings ratified Financiera Bepensa's rating at 'HR AA', modifying the outlook from Stable to Positive and at 'HR1' for the short term. According to the agency, the ratification of Finbe's rating is based on the implicit financial support of Bepensa, which is the holding of its main shareholder GF Bepensa and has an equivalent rating of 'HR AAA'**

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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	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>

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