

Financial Markets Daily

Main drivers for the financial markets today...

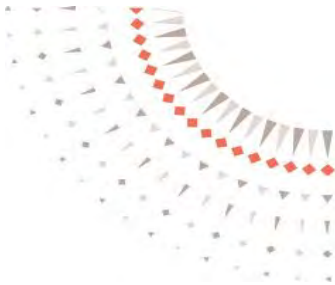
- **Stock markets higher, with small changes in the USD and government bond yields engendered by Jerome Powell’s speech on Friday, in which he reinforced the Fed’s plan to remove monetary stimulus cautiously and carefully. Gasoline prices trading up, boosted by refining disruptions caused by hurricane Ida**
- **This week, markets will be attentive to US employment reports (ADP and nonfarm payrolls), President Lopez Obrador’s State of the Nation address, the beginning of Congress’s ordinary session in Mexico, Banxico’s Quarterly Report and OPEC’s ministerial meeting**
- **Additionally, there will be special interest in PMI indicators in several countries, the monetary policy decisions in Chile and Bulgaria, news about the COVID-19 pandemic and the situation in Afghanistan**
- **In the US, other releases include housing prices (Jun), home sales, construction spending, trade balance and factory orders (Jul), ISM indicators and consumer confidence by the Conference Board (Aug), as well as comments from Fed members**
- **In the Eurozone, the unemployment rate and retail sales (Jul) will be released, along with inflation and consumer confidence (Aug)**
- **In Mexico, reports on remittances, banking credit, public finances (Jul), IMEF indicators, automotive sector figures, consumer confidence (Aug) and the expectations survey from Banxico**

The most relevant economic data...

Event/Period		Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer confidence* - Aug (F)	index	--	--	-5.3
5:00	Economic confidence* - Aug	index	--	118	119
8:00	Consumer prices - Aug (P)	% y/y	--	3.4	3.1
Mexico					
15:30	Public fin.(year-to-date, measured with PSBR) - Jul	MXNtr	--	--	-396.8
China					
21:00	Manufacturing PMI* - Aug	index	--	50.1	50.4
21:00	Non-manufacturing PMI* - Aug	index	--	52.0	53.3
21:00	Composite PMI* - Aug	index	--	--	52.4

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

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August 30, 2021

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,509.25	0.1%
Euro Stoxx 50	4,197.95	0.2%
Nikkei 225	27,789.29	0.5%
Shanghai Composite	3,528.15	0.2%
Currencies		
USD/MXN	20.20	0.0%
EUR/USD	1.18	0.0%
DXY	92.71	0.0%
Commodities		
WTI	68.46	-0.4%
Brent	72.67	0.0%
Gold	1,816.54	-0.1%
Copper	435.60	0.9%
Sovereign bonds		
10-year Treasury	1.30	0pb

Equities

- **Stock market gains at the beginning of the week. The optimism, which led the US and Mexican indices to close the previous week at record highs, continues after Powell indicated that the reduction in bond purchases could be initiated this year, although the Fed is not in a hurry to start raising interest rates. Thus, supportive monetary policy would be withdrawn in an orderly manner**
- **In the US, futures anticipate a positive open, with the S&P500 trading at +0.1% after reaching, along with the Nasdaq, all-time highs in the previous session. In Europe, the Stoxx 600 is little changed and in the UK markets remain closed for holidays**
- **In Asia, markets closed higher, driven by technology stocks; the Shanghai Comp rose 0.2%. In Mexico, the Mexbol reached 52,426 pts on Friday, its highest level on record**

Sovereign fixed income, currencies and commodities

- **Modest pressures in global rates, with European assets adjusting +1bp. In addition, US Treasuries trade near Friday's levels. In Mexico, the Mbonos' yield curve registered a 4bps rally last week, on average, with adjustments of up to -11bps in mid-term securities**
- **The USD trades with gains amid a negative performance in developed currencies, with CHF leading losses (-0.4%). In EM, bias is mixed with MYR as the strongest (+0.9%), while MXN trades close to 20.20 per dollar (unchanged), after a 0.8% weekly appreciation**
- **Gasoline prices jump due to an output disruption caused by Hurricane Ida. Crude-oil falls, with investors expecting OPEC+'s Ministerial Meeting this week to endorse a supply increase. In metals, gold trades with small change at 1,817 \$/oz t**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,455.80	0.7%
S&P 500	4,509.37	0.9%
Nasdaq	15,129.50	1.2%
IPC	52,425.64	0.3%
Ibovespa	120,677.60	1.6%
Euro Stoxx 50	4,190.98	0.5%
FTSE 100	7,148.01	0.3%
CAC 40	6,681.92	0.2%
DAX	15,851.75	0.4%
Nikkei 225	27,641.14	-0.4%
Hang Seng	25,407.89	0.0%
Shanghai Composite	3,522.16	0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	0.22	-3pb
10-year Treasuries	1.31	-4pb
28-day Cetes	4.46	-1pb
28-day TIE	4.75	0pb
2-year Mbono	5.49	-5pb
10-year Mbono	7.00	-3pb
<i>Currencies</i>		
USD/MXN	20.20	-0.8%
EUR/USD	1.18	0.4%
GBP/USD	1.38	0.5%
DXY	92.69	-0.4%
<i>Commodities</i>		
WTI	68.74	2.0%
Brent	72.70	2.3%
Mexican mix	65.88	2.0%
Gold	1,817.57	1.4%
Copper	433.20	1.7%

Source: Bloomberg

Corporate Debt

- **AlphaCredit reported that, through an agreement issued by the Civil Court in Mexico City, certain measures were admitted and decreed, including requiring the institutions of the banking system, to block and secure AlphaCredit accounts and the retention of any payment in their favor. Based on the foregoing, certain entities did not make the transfers that they had to make to the Master Trust**
- **Fitch Ratings upgraded Gruma's international rating to ‘BBB +’ from ‘BBB’ and affirmed the national scale rating at ‘AAA(mex)’ for maintaining a solid financial position; the outlook is stable**
- **Moody’s affirmed Banco Santander México's ratings at ‘Baa1’ and ‘Aaa.mx’. The outlook changed to Stable from Negative, reflecting disciplined origination standards that supported a manageable deterioration in asset quality**

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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