

# Financial Markets Daily

September 2, 2021

## Main drivers for the financial markets today...

- **Stock markets with small changes and positive bias, with the USD and government bond yields lower as investors wait for August's US employment report, to be released tomorrow. Many market participants believe it will shed more light to gauge the moment when the Fed's tapering might be announced or even implemented**
- **Investors will focus today on weekly jobless claims and the July trade balance report in the US, as well as Fed speakers Raphael Bostic and Mary Daly. In China, services and composite PMI indicators for August will be released**
- **According to a survey by Willis Towers Watson, most US companies are planning or considering requirements for a COVID-19 shot by the end of the year. On the other hand, hospital admissions in the country are declining for the first time since late June, a signal of a possible peak in this wave of contagions**
- **China's central bank will provide 300 billion yuan in low-cost funding to banks so they can lend these resources to small- and mid-sized companies, among other measures. This decision suggests greater concern about an economic deceleration, in turn at least in part because of the resurgence of COVID-19**
- **In Mexico, August's consumer confidence stood at 42.7pts, falling 1.2pts in the month and with all components lower**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Consumer confidence* - Aug	index	45.1	--	44.3
<i>Brazil</i>					
8:00	Industrial production - Jul	% y/y	--	-0.8	12.0
8:00	Industrial production* - Jul	% m/m	--	1.7	0.0
<i>United States</i>					
8:30	Initial jobless claims* - Aug 28	thousands	350	346	353
8:30	Trade balance* - Jul	US\$bn	--	-73.4	-75.7
10:00	Factory orders* - Jul	% m/m	--	0.3	1.5
10:00	Ex transportation* - Jul	% m/m	--	--	1.4
10:00	Durable goods orders* - Jul (F)	% m/m	--	--	-0.1
10:00	Ex transportation* - Jul (F)	% m/m	--	--	0.7
13:00	Fed's Bostic discusses creating economic opportunity				
<i>China</i>					
21:45	Services PMI (Caixin)* - Aug	index	--	52.0	54.9
21:45	Composite PMI (Caixin)* - Aug	index	--	--	53.1

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	4,529.75	0.2%
Euro Stoxx 50	4,225.80	0.0%
Nikkei 225	28,543.51	0.3%
Shanghai Composite	3,597.04	0.8%
<i>Currencies</i>		
USD/MXN	19.97	-0.2%
EUR/USD	1.18	0.1%
DX	92.41	0.0%
<i>Commodities</i>		
WTI	68.83	0.3%
Brent	71.89	0.4%
Gold	1,816.26	0.1%
Copper	427.00	0.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.28	-1pb

Source: Bloomberg

## Equities

- **Mixed movements and small changes in equity markets as investors are cautious and await key US employment data to be released tomorrow that may provide further clues on the timing when the Fed might begin tapering asset purchases**
- **In Asia most markets closed positive. In Europe stocks are mixed, with the Euro Stoxx unchanged. Shares from energy and health care sectors lead gains, while those from real estate and financials superhead losses. In turn, in the US the futures of main indices point to a positive open by rising 0.2% on average**
- **In Mexico, the Mexbol may stand above the 52,250 pts**

## Sovereign fixed income, currencies and commodities

- **Gains in sovereign bonds with European assets adjusting as much as -3bps while the US Treasury curve trades with gains of around 1bp from the mid-end. Yesterday, the Mbonos' curve ended with 3bps average pressures in the short- and mid-end while long-term securities gained 3bps**
- **The dollar trades slightly negative with G10 currencies appreciating moderately, except CHF which falls 0.1%. In EM, performance is mixed ZAR leads gains (+0.5%) while MXN appreciates 0.1% to 19.97 per dollar, extending the gains of the last few days**
- **Crude oil prices advance 0.6% on expectations of higher demand and with US inventories at 18-month lows. In metals, gold trades with few changes at 1,815 \$/oz t while the performance in industrials is negative**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,312.53	-0.1%
S&P 500	4,524.09	0.0%
Nasdaq	15,309.38	0.3%
IPC	52,215.54	-2.0%
Ibovespa	119,395.60	0.5%
Euro Stoxx 50	4,227.27	0.7%
FTSE 100	7,149.84	0.4%
CAC 40	6,758.69	1.2%
DAX	15,824.29	-0.1%
Nikkei 225	28,451.02	1.3%
Hang Seng	26,028.29	0.6%
Shanghai Composite	3,567.10	0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	0.21	0pb
10-year Treasuries	1.29	-2pb
28-day Cetes	4.42	3pb
28-day TIIE	4.75	0pb
2-year Mbono	5.50	1pb
10-year Mbono	6.99	0pb
<i>Currencies</i>		
USD/MXN	20.00	-0.4%
EUR/USD	1.18	0.3%
GBP/USD	1.38	0.1%
DXY	92.45	-0.2%
<i>Commodities</i>		
WTI	68.59	0.1%
Brent	71.59	-1.9%
Mexican mix	64.52	-2.3%
Gold	1,813.90	0.0%
Copper	427.80	-2.2%

Source: Bloomberg

## Corporate Debt

- **Grupo Lamosa informed that it concluded the acquisition process of Grupo Roca's coating business for an approximate amount of US\$260 million, free of net debt. The deal will be financed with debt through a syndicated loan for US\$200 million with a 5-year term, and the remainder will be covered with the company's own resources**
- **HR Ratings affirmed the ratings for The Export-Import Bank of Korea (Korea Eximbank) and its unsecured issuances KEXIM 19 / 21 at 'HR AAA' with a Stable outlook. The affirmation is based on the explicit financial support for the bank granted by the Korean Government ('HR AA (G)', Stable), as defined in the KEXIM Law**

## 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
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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