

# Financial Markets Daily

September 3, 2021

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

- **Stock markets mixed, albeit with S&P 500 futures to the upside, government bond yields improving while the USD shows small changes, this while markets await the US jobs report. Specifically, investors are looking for signs to help define when the Fed could announce the start of the tapering of asset purchases**
- **In this sense we expect 900 thousand jobs to be created in August, with the unemployment rate falling to 5.2%. Other relevant data in said country include Services ISM and PMI from Markit. In Europe these latter figures were already released, showing some weakness for services, also resulting in lower prints for composite indicators**
- **In other news, Joe Biden's infrastructure plan could face delays, with a key Senate Democrat, Joe Manchin, calling for a stop-and-go approach, given that a moderation both in the amount as well as the deployment may be needed given rising inflation and increase in public debt**
- **On semiconductors, two key producers (HPE and Toshiba) mentioned that they continue facing challenges for production, not being able to cover for surging demand. Meanwhile, SMIC announced an investment of US\$9 billion in a new plant near Shanghai, although mentioning that this will not result in relief in the short-term**
- **On news regarding the virus, White House advisors stated that they expect three vaccine doses to become the standard regime for most people. In Japan, Prime Minister, Yoshihide Suga, will not be seeking reelection in order to focus his attention on fighting the pandemic. In this context, total cases worldwide have surpassed 219 million, with deaths nearing 4.6 million**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Retail sales* - Jul	% m/m	--	0.0	1.5
<i>United States</i>					
8:30	Nonfarm payrolls* - Aug	thousands	900	750	943
8:30	Unemployment rate* - Aug	index	5.2	5.2	5.4
9:45	Services PMI (Markit)* - Aug (F)	index	55.2	55.2	55.2
9:45	Composite PMI (Markit)* - Aug (F)	index	--	--	55.4
10:00	ISM services* - Aug	index	63.0	62.0	64.1

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	4,543.00	0.2%
Euro Stoxx 50	4,224.01	-0.2%
Nikkei 225	29,128.11	2.0%
Shanghai Composite	3,581.73	-0.4%
<i>Currencies</i>		
USD/MXN	19.94	-0.1%
EUR/USD	1.19	0.0%
DX	92.24	0.0%
<i>Commodities</i>		
WTI	70.10	0.2%
Brent	73.36	0.5%
Gold	1,815.03	0.3%
Copper	428.20	-0.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.29	1pb

Source: Bloomberg

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## Equities

- We conclude the week with mixed movements in stock markets, and all eyes on labor market report to be announced in the US. Futures anticipate a positive opening, with the S&P500 trading 0.2% above its theoretical value, even after another record high achieved yesterday, and supported mainly by energy stocks
- In Asia the trading session concluded mixed. Japan's hikes stand out, after Prime Minister Yoshihide Suga announced its resignation, and with investors hoping higher economic stimuli, in the hands of its successor. In the meanwhile, China trades negative after drops in technology sectors, amid continuous regulatory crackdown risks, while the state may take control of Didi. Europa trades with small changes, with some profit taking on sectors as travel. In Mexico the Mexbol Index may continue consolidating above 52,000pts

## Sovereign fixed income, currencies and commodities

- Pressures in global rates ahead of the US jobs report with European securities experiencing losses of 1-2bps, while the US Treasuries mark pressures of 1bp from the 5-year zone onwards, limiting a modestly positive balance in the week. Mbonos' added yesterday to the weekly flattening with the long-end outperforming
- Performance in US dollar indices depict modest variations as a result of mixed balances in the EM and G10 FX universes, under narrow ranges. In the former, the Mexican peso trades just positive at 19.95 per dollar, holding gains in all the sessions this week heading for a weekly gain of 1.2%
- Little changes in crude oil futures under a modestly positive balance, similar to the weekly performance, with the market assimilating the widely expected increase to OPEC+ production levels. In the metals' space performance is modestly positive

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,443.82	0.4%
S&P 500	4,536.95	0.3%
Nasdaq	15,331.18	0.1%
IPC	52,087.47	-0.2%
Ibovespa	116,677.10	-2.3%
Euro Stoxx 50	4,232.10	0.1%
FTSE 100	7,163.90	0.2%
CAC 40	6,763.08	0.1%
DAX	15,840.59	0.1%
Nikkei 225	28,543.51	0.3%
Hang Seng	26,090.43	0.2%
Shanghai Composite	3,597.04	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.21	0pb
10-year Treasuries	1.28	-1pb
28-day Cetes	4.46	4pb
28-day TIIE	4.75	0pb
2-year Mbono	5.54	5pb
10-year Mbono	6.98	-2pb
<i>Currencies</i>		
USD/MXN	19.96	-0.2%
EUR/USD	1.19	0.3%
GBP/USD	1.38	0.5%
DXY	92.23	-0.2%
<i>Commodities</i>		
WTI	69.99	2.0%
Brent	73.03	2.0%
Mexican mix	65.66	1.8%
Gold	1,809.66	-0.2%
Copper	430.40	0.6%

Source: Bloomberg

## Corporate Debt

- S&P Global Ratings assigned a 'mxAAA' rating to Grupo Aeroportuario del Pacifico's proposed Green Bonds (GAP 21V) and confirmed the rating for its unsecured bond GAP 21-2 after the proposed tap issue. The bonds will be issued for up to MXN 2.5 billion and will be due in 2026 and 2028
- Fitch Ratings affirmed Bladex's Long-Term Issuer Default Rating (IDR) at 'BBB'. The outlook on the Long-Term IDR was revised to Stable from Negative. The outlook revision responds to the same action on the trend of Fitch's assessment of the regional operating environment
- S&P Global Ratings affirmed the 'BBB' global scale ratings and the 'mxAAA' national scale ratings on Banobras. The negative outlook on the long-term global scale ratings on the bank reflects that on Mexico due to a potentially weaker fiscal profile

## 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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