

Financial Markets Daily

September 8, 2021

Main drivers for the financial markets today...

- **Negative stock markets, USD up and government bond yields predominantly down amid several analysts from major banks launched warnings that the stock market's rally might be getting closer to an end, mainly due to the potential effects of the pandemic, as we move closer to the reduction of monetary stimulus**
- **In the US, attention is on the interventions of Fed members, highlighting Williams who will talk about the economic environment. Markets will be looking for signs of when *tapering* could start and the central bank's opinion on the latest labor market report. On the other hand, the Beige Book will also be released. Continuing with monetary policy issues, the Bank of Canada will meet today. Although no changes are expected in the benchmark rate, all eyes will be on what they say about the economy's performance**
- **With high speculation of what the ECB will announce tomorrow and after comments from several central bank members with a *hawkish* tone, highlighting the improvement in financial conditions in the region and pointing to a reduction in the amount of purchases under the *PEPP* in 4Q21, today there were new interventions, but with a more *dovish* tone. Bostjan Vasle, member of the ECB Governing Council said that the current situation still requires an accommodative monetary policy**
- **Regarding economic figures, this evening in China the August inflation report will be published. Consensus estimates a 1.0% annual variation, the same as the previous month, while producer prices are expected to show an annual rate of 9.0%**
- **In Mexico, the attention will be on the release of the budget proposal for fiscal year 2022**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
13:10	Fed's Williams Discusses Economic Outlook				
14:00	Beige Book				
15:00	Consumer credit* - Jul	US\$bn	--	25.0	37.7
18:00	Fed's Kaplan Holds Virtual Townhall				
<i>China</i>					
21:30	Consumer prices - Aug	% y/y	--	1.0	1.0
<i>Mexico</i>					
	Deadline for the presentation of the 2022 Budget before Congress				

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	4,517.75	0.0%
Euro Stoxx 50	4,204.67	-0.5%
Nikkei 225	30,181.21	0.9%
Shanghai Composite	3,675.19	0.0%
<i>Currencies</i>		
USD/MXN	19.92	-0.1%
EUR/USD	1.18	-0.1%
DX	92.67	0.2%
<i>Commodities</i>		
WTI	69.33	1.4%
Brent	72.58	1.2%
Gold	1,797.71	0.2%
Copper	424.30	-0.8%
<i>Sovereign bonds</i>		
10-year Treasury	1.35	-2pb

Source: Bloomberg

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Equities

- **Stock markets with mostly negative movements, as investors' sentiment reflects caution over concerns about high valuations and the pace of economic growth, amid the rebound of COVID-19 cases. Thus, US futures anticipate a flat opening, with the S&P500 trading little changed**
- **In Europe, the main equity markets retreated and the Stoxx 600 fell 0.5%, with generalized declines in all sectors. Meanwhile, in Asia the session closed in negative territory, except for the Nikkei (+0.9%), which was supported by expectations of economic stimulus from the next prime minister**
- **In Mexico, Asur presented a slowdown in passenger traffic recovery vs. pre-pandemic levels, which may not be well received by the market, although going forward we expect greater dynamism in demand**

Sovereign fixed income, currencies and commodities

- **Favorable balance in global rates with European assets adjusting -1bp. Meanwhile, US Treasuries print a 3bp rally from the 10-year node onwards. In Mexico, the Mbonos' yield sold-off 4bps, on average, yesterday following the UST adjustment of +4bps in longer-term securities**
- **The USD trades with gains against most of G10 currencies with losses limited by DKK (-0.2%). In EM, bias is negative with TRY as the weakest (-1.0%), while MXN trades below its 100-day MA at 19.91 per dollar (-0.1%), after a 0.1% depreciation yesterday**
- **Crude-oil jumps, halting three negative sessions in a row, due to an impact of Hurricane Ida on US output despite concern about demand recovery. The performance in metals is mixed with copper adjusting -1%, while gold gains 0.3% to 1,898 \$/oz t**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,100.00	-0.8%
S&P 500	4,520.03	-0.3%
Nasdaq	15,374.33	0.1%
IPC	51,950.45	-0.6%
Ibovespa	117,868.60	0.0%
Euro Stoxx 50	4,225.01	-0.5%
FTSE 100	7,149.37	-0.5%
CAC 40	6,726.07	-0.3%
DAX	15,843.09	-0.6%
Nikkei 225	29,916.14	0.9%
Hang Seng	26,353.63	0.7%
Shanghai Composite	3,676.59	1.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.22	1pb
10-year Treasuries	1.37	5pb
28-day Cetes	4.49	3pb
28-day TIE	4.75	0pb
2-year Mbono	5.60	3pb
10-year Mbono	7.03	4pb
<i>Currencies</i>		
USD/MXN	19.94	0.1%
EUR/USD	1.18	-0.3%
GBP/USD	1.38	-0.4%
DXY	92.51	0.5%
<i>Commodities</i>		
WTI	68.35	-1.4%
Brent	71.69	-0.7%
Mexican mix	64.46	-1.4%
Gold	1,794.36	-1.6%
Copper	428.15	-1.2%

Source: Bloomberg

Corporate Debt

- **Fitch Ratings ratified ZKCCB 17 (ABS of ZKC Administración) rating at 'AA (mex) vra'. It maintained the Negative outlook, noting that, after 18 months of the pandemic, occupancy rates and cash flow continue to be pressured given its exposure to commonly unanchored retail stores, office sector and single tenant properties**
- **Fitch Ratings ratified CASCB 11U issue (Concesionaria de Autopistas del Sureste's FF) rating at 'BBB (mex) vra' with a Stable outlook. According to the agency, the rating reflects the risk related to three road sections in an area of low economic development, but with limited competition for alternative roads**

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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