

Financial Markets Daily

September 9, 2021

Main drivers for the financial markets today...

- **Negative stock markets, USD slightly down and government bond yields down amid concerns that higher COVID-19 cases could result in a significant headwind for the global recovery, in addition to China's regulatory crackdown on the tech sector**
- **The ECB announced a moderate reduction in the pace of asset purchases under the PEPP in 4Q21, compared to what was observed in 2Q21 and 3Q21. We estimate that purchases will be close to what we saw in 1Q21, with the monthly average in the period around €60,000 millions**
- **Regarding economic figures, in the US, jobless claims for the week ending September 4 will be released. Consensus estimates them at 335k from 340k the previous week. Attention will be on Fed speakers' interventions, such as Daly, Evans, Bowman and Williams. In Brazil August's inflation report will be published. The annual variation is estimated at 9.5%, above the 8.99% of the previous month and well above the Copom's target for the year**
- **In Mexico, INEGI published August's inflation at 0.19% m/m, lower than usual, benefitted by a price ceiling on LP gas. The core came in at 0.43% m/m. With these results, annual inflation came in at 5.59% (previous: 5.81%), with the core at 4.78% (previous: 4.66%)**

Gabriel Casillas
 Chief Economist, Head of Research
 and IRO
 gabriel.casillas@banorte.com

Alejandro Padilla
 Executive Director of Economic
 Research and Financial Markets Strategy
 alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
 Director of Economic Research
 juan.alderete.macal@banorte.com

Manuel Jiménez
 Director of Market Strategy
 manuel.jimenez@banorte.com

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Consumer prices - Aug	% m/m	0.21	0.20	0.59
7:00	Core - Aug	% m/m	0.44	0.42	0.48
7:00	Consumer prices - Aug	% y/y	5.62	5.59	5.81
<i>Eurozone</i>					
7:45	Monetary policy decision (ECB)	%	0.00	0.00	0.00
<i>Brazil</i>					
8:00	Consumer prices - Aug	% m/m	--	0.71	0.96
8:00	Consumer prices - Aug	% y/y	--	9.50	8.99
<i>United States</i>					
8:30	Initial jobless claims* - Sep 4	thousands	--	340	340
11:05	Fed's Daly discusses the gains from economy equity				
11:05	Fed's Evans gives welcome remarks				
13:00	Fed's Bowman gives speech on Community Banking				
14:00	Fed's Williams makes opening remarks at conference on racism in economy				
16:00	Fed Officials Speak at Conference on Racism in Economy				
<i>Peru</i>					
19:00	Monetary policy decision (BCRP)	%	--	0.75	0.50

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

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

Document for distribution among public



 www.banorte.com



 @analisis_fundam

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,500.25	-0.1%
Euro Stoxx 50	4,170.45	-0.2%
Nikkei 225	30,008.19	-0.6%
Shanghai Composite	3,693.13	0.5%
<i>Currencies</i>		
USD/MXN	19.89	-0.2%
EUR/USD	1.18	0.2%
DX	92.49	-0.2%
<i>Commodities</i>		
WTI	69.73	0.6%
Brent	73.08	0.7%
Gold	1,797.26	0.4%
Copper	428.60	1.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.34	1pb

Source: Bloomberg

Document for distribution among public

Equities

- **Negative movements in equity markets as investors are concerned about the economic recovery due to the increase in coronavirus cases, while regulatory pressures continue in China, particularly in online video games and education. On the other hand, the ECB kept key interest rates unchanged but announced a slight reduction in the pace of the asset purchase programme related to the pandemic**
- **In Asia most markets closed negative. In Europe stocks drop, the Euro Stoxx decreases 0.2%. Shares from health care, communication services, and energy lead the losses. In turn, in the US the futures of main indices point to a negative open by falling 0.3% on average**
- **In Mexico, the Mexbol may stand below the 51,350 pts**

Sovereign fixed income, currencies and commodities

- **Government rate gains on the back of a preference for safe havens with European assets adjusting up to -2bps while US treasuries gained 1bp mainly in the long-term tenors. Yesterday, the Mbonos' curve closed with gains of 4bps on average and the 10-year benchmark at 6.97% (-6bps)**
- **USD weakens slightly (DXY -0.1%) with positive performance in G10 currencies where NOK leads the gains (+0.4%). In EM the bias is mixed with limited changes where PHP trades as the strongest (+0.4%) while MXN trades at 19.90 appreciating 0.2%**
- **Crude oil prices modestly positive amid a slow return of US production after Hurricane Ida. In metals, gold trades at 1,797 \$/oz t (+0.4%) while the performance in industrials is positive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,031.07	-0.2%
S&P 500	4,514.07	-0.1%
Nasdaq	15,286.64	-0.6%
IPC	51,469.72	-0.9%
Ibovespa	113,412.80	-3.8%
Euro Stoxx 50	4,177.15	-1.1%
FTSE 100	7,095.53	-0.8%
CAC 40	6,668.89	-0.9%
DAX	15,610.28	-1.5%
Nikkei 225	30,181.21	0.9%
Hang Seng	26,320.93	-0.1%
Shanghai Composite	3,675.19	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.22	0pb
10-year Treasuries	1.34	-4pb
28-day Cetes	4.53	4pb
28-day TIE	4.75	0pb
2-year Mbono	5.57	-4pb
10-year Mbono	6.99	-4pb
<i>Currencies</i>		
USD/MXN	19.94	0.0%
EUR/USD	1.18	-0.2%
GBP/USD	1.38	-0.1%
DXY	92.65	0.2%
<i>Commodities</i>		
WTI	69.30	1.4%
Brent	72.60	1.3%
Mexican mix	65.22	1.2%
Gold	1,789.26	-0.3%
Copper	423.30	-1.1%

Source: Bloomberg

Corporate Debt

- **FEMSA announced that Envoy Solutions, its US-based specialty distribution subsidiary, has entered into an agreement to acquire Penn Jersey Paper Co., an independent specialty distribution company based in Philadelphia, Pennsylvania, expanding its coverage to the metropolitan area of Philadelphia and New York**
- **Notice of early partial amortization in ABCCB 18 (ABS of AB&C Leasing) for next September 17 for MXN 61.36 million**
- **The main agreement of the Bondholders Assembly of the ALPHACB 18 issuance with a vote on September 7, was the replacement of AlphaCredit Capital as Trust Administrator and was appointed Terracota Assets as Substitute Administrator, the current Master Administrator**

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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.

Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
-------------------------	-----------------------------	----------------------------	------------------

Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Alik Daniel García Alvarez	Senior Strategist, Equity	alik.garcia.alvarez@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899