

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets up –except China/Hong Kong, with losses as the government’s market crackdown continues–, USD higher and with government bond yields to the upside in Asia, but lower in the rest of the world, boosted by optimism that the Fed’s tapering is getting closer for the right reasons (growth)
- Markets will focus this week on CPI figures (Aug) in the US, the Eurozone and several other countries, in a backdrop in which investors are debating about a possible announcement of tapering by the Fed as soon as this month
- In the stock market, on Friday the expiration of options and futures of equity indices in the US will take place, known as 'Quadruple Witching Day', while in geopolitical aspects Norway will have general elections and the UN will start its General Assembly. In central banks, Egypt and Nigeria will have monetary policy decisions
- Additionally, the US will release industrial production, retail sales and monthly budget figures (Aug), along with the Empire and Philly Fed regional manufacturing surveys and University of Michigan consumer confidence (Sep)
- In the Eurozone, in addition to inflation, industrial activity, trade balance and current account (Jul) will be published, while in China industrial activity, gross fixed investment and retail sales (Aug). Moreover, OPEC will release its monthly report
- In Mexico, the most important economic data will be employment affiliated to IMSS, ANTAD figures and the *Timely Indicator of Economic Activity* (Aug). Also, financial markets will remain closed on Thursday to commemorate Independence Day

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 3-year Mbono (Sep'24); 30-year Udibono (Nov'50) and 5-year Bondes D				
	ANTAD same-store sales - Aug	% y/y	--	--	15.3

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.
Equity indices		
S&P 500 Futures	4,474.50	0.6%
Euro Stoxx 50	4,207.81	0.9%
Nikkei 225	30,447.37	0.2%
Shanghai Composite	3,715.37	0.3%
Currencies		
USD/MXN	19.89	0.0%
EUR/USD	1.18	-0.3%
DX	92.86	0.3%
Commodities		
WTI	70.35	0.9%
Brent	73.45	0.7%
Gold	1,789.12	0.1%
Copper	443.30	-0.3%
Sovereign bonds		
10-year Treasury	1.33	-2pb

Source: Bloomberg

Equities

- Equity markets start the week mostly positive. Major US indices appear to rebound after posting a broad daily losing streak in the previous week, as concerns about the impact of the 'delta' variant on economic growth and high inflation have weighed on investors' sentiment
- In the US, futures anticipate an upward opening, with the S&P500 trading at +0.6%. Meanwhile, in Europe stocks are up and the Stoxx 600 rises 0.9%, as the market assimilates the ECB's latest monetary policy decision
- In Asia, the session closed mixed, highlighting a 1.5% decline in the Hang Seng as Chinese technology and electric vehicle stocks retreated on fears of regulatory restrictions

Sovereign fixed income, currencies and commodities

- Modest positive balance in global rates, with European assets adjusting -1bp. Meanwhile, US Treasuries gain 2bps in the longest-end of the yield curve. In Mexico, the Mbonos' yield curve registered last week a 4bps appreciation, excluding long-term securities
- The USD strengthens against most developed currencies, with CHF as the weakest (-0.7%). In EM, bias is negative except for RUB and TRY, with THB leading losses (-0.8%). In this group, MXN trades unchanged at 19.89 per dollar after a 0.2% weekly appreciation
- Crude-oil prints gains assimilating a slow restoration of supplies in the Gulf of Mexico after Hurricane Ida's impact. Today OPEC's monthly report will be released. In metals, industrials register losses except for aluminum, which has reached highest levels since 2008, while gold trades fairly unchanged

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,607.72	-0.8%
S&P 500	4,458.58	-0.8%
Nasdaq	15,115.49	-0.9%
IPC	51,521.80	0.2%
Ibovespa	114,285.90	-0.9%
Euro Stoxx 50	4,170.35	-0.2%
FTSE 100	7,029.20	0.1%
CAC 40	6,663.77	-0.3%
DAX	15,609.81	-0.1%
Nikkei 225	30,381.84	1.2%
Hang Seng	26,205.91	1.9%
Shanghai Composite	3,703.11	0.3%
Sovereign bonds		
2-year Treasuries	0.21	0pb
10-year Treasuries	1.34	4pb
28-day Cetes	4.62	7pb
28-day TIE	4.75	0pb
2-year Mbono	5.53	0pb
10-year Mbono	6.97	2pb
Currencies		
USD/MXN	19.89	-0.2%
EUR/USD	1.18	-0.1%
GBP/USD	1.38	0.0%
DXY	92.58	0.1%
Commodities		
WTI	69.72	2.3%
Brent	72.92	2.1%
Mexican mix	65.74	2.1%
Gold	1,787.58	-0.4%
Copper	445.20	3.9%

Source: Bloomberg

Corporate Debt

- Notice of reacquisition and early amortization of TFOVIS 12-3U (RMBS of Fovissste) for 99.1 million Udis for next September 27, since the unpaid principal outstanding reached a level below 10%
- Notice of partial early amortization of the DESCB 18 issuance (Dalton Efectivo Seguro ABS) on September 21 for MXN 24.54 million. Currently, the bond has an outstanding amount of MXN 195 million and is rated 'AA (mex)' by Fitch Ratings and 'HR AAA' by HR Ratings
- S&P Global maintained ALPHACB 18 (AlphaCredit ABS) rating at 'mxBB (sf)' and on the Negative CreditWatch list. According to the agency, the Negative CreditWatch status incorporates the uncertainty about collection levels in coming months, because of the administrator replacement process

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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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