

# Financial Markets Daily

September 14, 2021

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

- **Stock markets mixed, USD unchanged, and government bond yields up, with investors awaiting US inflation, influencing expectations about the Fed's tapering, while the Evergrande situation is closely monitored in China**
- **In the US, attention on August's inflation report, expecting a 0.4% m/m increase, maintaining the annual rate at 5.4%. In the core we expect +0.3% m/m and 4.2% y/y. Later today, economic activity data for August in China will be released**
- **Specifically, concerns over Evergrande lie on a liquidity strain in the company. Therefore, they have hired advisors in what could be the largest debt restructuring in the history of China. We must remember that the company focuses on the real estate market**
- **Commodities' performance continues to be in focus, with the energy sector extending recent gains. Apple will unveil today its new product line amid cybersecurity updates**
- **Regarding the virus, China announced lockdowns in the city of Xiamen –which focuses on manufacturing of electronic components– given an outbreak of 103 cases. Russian President, Vladimir Putin, is self-isolating given fears of a possible contagion**
- **Today, the UN General Assembly begins in New York. Today the recall election in California will also take place, in which expectations are that incumbent, Gavin Newsom, maintains his job as Governor**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>UK</i>					
2:00	Unemployment rate* - Jul	%	--	4.6	4.7
<i>United States</i>					
8:30	Consumer prices* - Aug	% m/m	0.4	0.4	0.5
8:30	Ex. food & energy* - Aug	% m/m	0.3	0.3	0.3
8:30	Consumer prices - Aug	% y/y	5.4	5.3	5.4
8:30	Ex. food & energy - Aug	% y/y	4.2	4.2	4.3
<i>Mexico</i>					
10:00	International reserves - Sep 10	US\$bn	--	--	205.6
<i>China</i>					
22:00	Industrial production - Aug	% y/y	--	5.8	6.4
22:00	Retail sales - Aug	% y/y	--	7.0	8.5
22:00	Gross fixed investment (YTD) - Aug	% y/y	--	9.0	10.3

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

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Document for distribution among public

## A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,455.75	-0.1%
Euro Stoxx 50	4,178.02	-0.3%
Nikkei 225	30,670.10	0.7%
Shanghai Composite	3,662.60	-1.4%
<i>Currencies</i>		
USD/MXN	19.89	0.1%
EUR/USD	1.18	0.0%
DX	92.63	0.0%
<i>Commodities</i>		
WTI	70.75	0.4%
Brent	73.83	0.4%
Gold	1,784.35	-0.5%
Copper	429.15	-1.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.34	2pb

Source: Bloomberg

## Equities

- **Mixed movements and little changes in equity markets as investors await the release of August inflation data in the US looking for any clues on the timing when the Fed might start reducing stimulus. On the corporate front, Apple's launch of new products is expected today**
- **In Asia the markets closed mixed, with the Nikkei reaching its highest level since August 1990. In Europe stocks are mixed, but the Euro Stoxx decreases 0.3%. Shares from energy and real state lead gains, while those from consumer discretionary and utilities superhead losses. In turn, in the US the futures of main indices show small changes pointing to a flat opening**
- **In Mexico, the Mexbol may keep below the 51,500 pts**

## Sovereign fixed income, currencies and commodities

- **Modest pressures in sovereign bonds with European securities leading the movement, registering pressures of ~2bps. Meanwhile, ahead of the US CPI report, Treasuries adjust +1bp with stronger incidence in the long-end. Yesterday the Mbonos' curve steepened averaging +3bps**
- **Little changes in USD indices with a mixed performance in G10 currencies where NOK leads the gains (+0.4%) and AUD is the weakest (-0.5%), while EUR is fairly unchanged. In EM FX balance is also mixed with ZAR underperforming, while the USD/MXN depreciates 0.1% to 19.89 reaching up to 19.92 today**
- **Crude oil surges for the third session in a row amid potential new affectations due to climate in the US, joining further increases in European natural gas and electricity prices. In metals, industrials pair gains experienced in the last days**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,869.63	0.8%
S&P 500	4,468.73	0.2%
Nasdaq	15,105.58	-0.1%
IPC	51,496.71	0.0%
Ibovespa	116,403.70	1.9%
Euro Stoxx 50	4,189.53	0.5%
FTSE 100	7,068.43	0.6%
CAC 40	6,676.93	0.2%
DAX	15,701.42	0.6%
Nikkei 225	30,447.37	0.2%
Hang Seng	25,813.81	-1.5%
Shanghai Composite	3,715.37	0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	0.21	0pb
10-year Treasuries	1.33	-2pb
28-day Cetes	4.60	-2pb
28-day TIIIE	4.74	0pb
2-year Mbono	5.53	0pb
10-year Mbono	7.01	4pb
<i>Currencies</i>		
USD/MXN	19.87	-0.1%
EUR/USD	1.18	0.0%
GBP/USD	1.38	0.0%
DXY	92.68	0.1%
<i>Commodities</i>		
WTI	70.45	1.0%
Brent	73.51	0.8%
Mexican mix	66.42	1.0%
Gold	1,793.75	0.3%
Copper	436.70	-1.9%

Source: Bloomberg

## Corporate Debt

- **Grupo Aeroméxico informed the delivery of the Final Valuation Materials in compliance with the preferential financing guaranteed to its Preferred Creditors. Creditors must send a notification of their choice to convert no later than September 20, 2021 - they have the option to convert their credits into shares representing the Company's capital stock-. Subsequently, Aeroméxico intends to present, no later than October 8, 2021, a Reorganization Plan consistent with the election of said creditors**
- **Moody's affirmed Consorcio Ara's ratings at 'Ba2' and 'A2.mx' and changed the outlook to Stable from Negative. According to the agency, the change in outlook is primarily based on Moody's expectation that key credit indicators will continue to recover over the next 12 to 18 months**

## 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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## Guide for investment recommendations.

	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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