

Financial Markets Daily

September 15, 2021

Main drivers for the financial markets today...

- Mixed stock markets, while USD and government bond yields are down. Asia and Europe down amid economic deceleration in China and news that the government will heighten regulation in the casinos in Macau. S&P Futures up, after better-than-expected CPI report yesterday in the US that eases pressure for the FOMC to start tapering
- Regarding economic figures, in the US, August's industrial production report will be released. We estimate a 0.5% m/m increase, with manufacturing at +0.4% m/m. Likewise, September data in the sector will be published. We estimate the *Empire Manufacturing* to stand at 18pts, very close to the 18.3pts of the previous month
- In China, August figures were released below consensus estimates, amid the measures that have been taken to prevent the spread of COVID-19. Retail sales posted a 2.5% y/y increase (consensus 7.0% a/a). Meanwhile, industrial production also advanced below expectations (5.2% y/y vs. 5.8% y/y), in the same month. Regarding other information, the government told banks that Evergrande Group would not pay interests next week, constituting the first default and the beginning of the restructuring process
- In Brazil, a week before the Copom's next meeting, central bank President, Roberto Campos Neto, said that the institution will not be altering the monetary policy plans, after each inflation report, tempering market bets of a steeper interest rate increase next week

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
2:00	UK Consumer prices - Aug	% y/y	--	2.9	2.0
2:00	Core - Aug	% y/y	--	2.9	1.8
5:00	EZ Industrial production* - Jul	% m/m	--	0.6	-0.3
Brazil					
8:00	Economic activity - Jul	% y/y	--	5.0	9.1
8:00	Economic activity* - Jul	% m/m	--	0.5	1.1
United States					
8:30	Empire manufacturing* - Sep	index	18.0	18.0	18.3
9:15	Industrial production* - Aug	% m/m	0.5	0.4	0.9
9:15	Manufacturing production* - Aug	% m/m	0.4	0.4	1.4

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	4,436.50	0.0%
Euro Stoxx 50	4,170.45	-0.5%
Nikkei 225	30,511.71	-0.5%
Shanghai Composite	3,656.22	-0.2%
Currencies		
USD/MXN	19.88	-0.2%
EUR/USD	1.18	0.1%
DX	92.50	-0.1%
Commodities		
WTI	71.39	1.3%
Brent	74.48	1.2%
Gold	1,802.41	-0.1%
Copper	434.10	0.5%
Sovereign bonds		
10-year Treasury	1.27	-1pb

Source: Bloomberg

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Equities

- Equity markets with mostly negative movements, as investors remain cautious due to increased uncertainty about the state of economic recovery, mainly related to the impact of the delta variant, and the Fed's upcoming actions, looking for a glimpse of which will be the timing of the reduction of asset purchases
- In the US, futures are little changed amid a difficult streak for the stock markets so far in September. The Dow Jones and S&P500 have traded in red in six of the last seven trading sessions. Microsoft gains 1.2% in the pre-market after increasing dividend payments and share buyback fund
- In Europe, the Stoxx 600 declines 0.3%, after the report of high inflation in the UK and weak retail sales data in China. In Asia, markets closed lower, where the Hang Seng fell 1.8%

Sovereign fixed income, currencies and commodities

- Mixed performance in global rates with European assets adjusting +1bp. Meanwhile, US Treasuries print gains of 2bps in the long-end of the yield curve. In Mexico, the Mbonos' yield closed yesterday with few changes, where the 10-year benchmark concluded at 6.99% (unchanged)
- The USD weakens amid a favorable performance in G10 currencies with NOK outperforming (+0.8%). In EM, bias is positive with ZAR as the strongest (+0.5%), while MXN trades at 19.87 per dollar (+0.2%), offsetting yesterday's depreciation of 0.2%
- Crude-oil extends its rally as API report expected a decline in inventories. Attention today to the EIA's inventory report at 10:30am. Natural gas price in the UK trades at record highs due to an electricity shutdown that could last for a month. Metals' performance is positive with gold trading with few changes

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,577.57	-0.8%
S&P 500	4,443.05	-0.6%
Nasdaq	15,037.76	-0.4%
IPC	51,815.17	0.6%
Ibovespa	116,180.60	-0.2%
Euro Stoxx 50	4,191.67	0.1%
FTSE 100	7,034.06	-0.5%
CAC 40	6,652.97	-0.4%
DAX	15,722.99	0.1%
Nikkei 225	30,670.10	0.7%
Hang Seng	25,502.23	-1.2%
Shanghai Composite	3,662.60	-1.4%
Sovereign bonds		
2-year Treasuries	0.21	-1pb
10-year Treasuries	1.28	-4pb
28-day Cetes	4.58	-2pb
28-day TIE	4.75	0pb
2-year Mbono	5.52	-1pb
10-year Mbono	7.00	-1pb
Currencies		
USD/MXN	19.91	0.2%
EUR/USD	1.18	-0.1%
GBP/USD	1.38	-0.2%
DXY	92.62	-0.1%
Commodities		
WTI	70.46	0.0%
Brent	73.60	0.1%
Mexican mix	66.61	0.3%
Gold	1,804.51	0.6%
Copper	432.10	-1.1%

Source: Bloomberg

Corporate Debt

- S&P Global Ratings confirmed 10 Infonavit RMBS transactions ratings at 'mxAAA (sf)'. According to the agency, the confirmation derives from the levels of credit protection, which they consider are still sufficient to withstand its stress scenarios with higher unemployment as a consequence of the pandemic
- HR Ratings ratified Fundación Rafael Dondé and its issue DONDE 20 ratings at 'HR AA +' with a stable outlook. According to the agency, the ratification is based on the solid solvency position it maintains, with a capitalization ratio of 79.1% as of 2Q21, as well as a leverage ratio of 0.9x
- HR Ratings ratified Value Arrendadora and its VALARRE 19 issue ratings at 'HR A +' with a stable outlook, due to the explicit financial support it obtains from Value Grupo Financiero

Certification of Analysts.

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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.

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