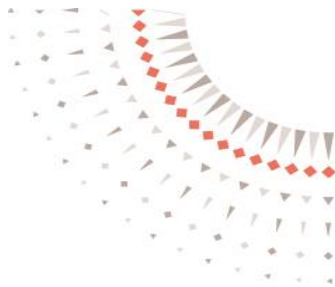


Financial Markets Daily



September 21, 2021

Main drivers for the financial markets today...

- Stock markets and government bond yields positive, with the USD losing ground as risky assets take a momentary breather after yesterday’s selloff. Focus remains on Evergrande’s situation and the Fed’s decision tomorrow
- On Evergrande, S&P Global Ratings mentioned that the company is on the brink of default, hitting the company’s bonds further. The rating agency mentioned that the Chinese government will probably only step in if this represents a risks for the Chinese economy. We should remember that the company must make a US\$83.5 million interest payment on Thursday
- The Fed starts its two-day meeting. Market consensus is that tapering will not happen in this decision, although they could set the bases for an announcement in November. In this context, discussions in the fiscal front continue in Congress, including the debt ceiling. Today, President Joe Biden will address the UN’s General Assembly, expecting him to take a conciliatory tone, asking from greater cooperation from China on global threats, including climate change. Other leaders speaking today include representatives from Brazil, Chile, China, Colombia, Iran, Turkey and Korea
- The OECD revised its forecasts, anticipating global growth this year at 5.7% from 5.8%, with next year marginally better at 4.5%. We highlight the downward revision for the US by 90bps to 6.0%. The forecast for Mexico improved to 6.3% (previous: 5.0%). In addition, they expect higher inflation at a global scale in the next two years

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Housing starts** - Aug	thousands	--	1,550	1,534
8:30	Building permits** - Aug	thousands	--	1,600	1,630
Mexico					
10:00	International reserves - Sep 17	US\$bn	--	--	198.5
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Nov/47), 3-year Udibono (Nov/23) y 1, 2, and 3-year Bondes D				
15:30	Survey of expectations (Citibanamex				
China					
21:30	Rate decision 1-year Loan Prime Rate	%	--	3.85	3.85
21:30	Rate decision 5-year Loan Prime Rate	%	--	4.65	4.65
Japan					
	Monetary policy decision (BoJ)	%	--	--	-0.10

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.
Equity indices		
S&P 500 Futures	4,379.75	0.7%
Euro Stoxx 50	4,095.77	1.3%
Nikkei 225	29,839.71	-2.2%
Shanghai Composite	3,613.97	0.0%
Currencies		
USD/MXN	20.08	-0.3%
EUR/USD	1.17	0.2%
DXY	93.07	-0.2%
Commodities		
WTI	71.00	1.0%
Brent	74.61	0.9%
Gold	1,768.13	0.2%
Copper	416.35	1.2%
Sovereign bonds		
10-year Treasury	1.32	1pb

Source: Bloomberg

Equities

- Positive movements in most equity markets that show some recovery from the sharp falls of the previous session, while investors continue to monitor the difficult situation in the real estate sector in China and focus their attention on the Fed's monetary policy decision that will be released tomorrow
- In Asia the markets closed mixed. There were no operations in China, South Korea and Taiwan due to a holiday. In Europe stocks advance, the Euro Stoxx adds 1.3%. Shares from communication services, financials and technology sectors lead gains. In turn, in the US the futures of main indices point to a positive open by rising 0.8% on average
- In Mexico, the Mexbol may stand above the 50,900 pts

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds, observing gains of just under 1bp for European securities, while US Treasuries pressure 1-2bps with the long-end underperforming and limiting part of the rally of ~4bps yesterday. Mbonos sold-off 7bps yesterday
- The USD weakens amid widespread gains in developed currencies with NOK leading the movement (+0.7%), while performance in EM FX is also mostly positive where CLP stands as the strongest (+0.4%) and ZAR as the weakest (-0.4%). The USD/MXN gains 0.3% to 20.08
- Crude oil climbs ~1% in the midst of a greater support from the global risk sentiment and lower pressures from yesterday's USD strength. Meanwhile, recent surges in natural gas prices moderate. In metals, precious depict a positive balance, while industrials trade mixed

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,970.47	-1.8%
S&P 500	4,357.73	-1.7%
Nasdaq	14,713.90	-2.2%
IPC	50,557.65	-1.5%
Ibovespa	108,843.70	-2.3%
Euro Stoxx 50	4,043.63	-2.1%
FTSE 100	6,903.91	-0.9%
CAC 40	6,455.81	-1.7%
DAX	15,132.06	-2.3%
Nikkei 225	30,500.05	0.0%
Hang Seng	24,099.14	-3.3%
Shanghai Composite	3,613.97	0.0%
Sovereign bonds		
2-year Treasuries	0.22	-1pb
10-year Treasuries	1.31	-5pb
28-day Cetes	4.62	1pb
28-day TIIE	4.74	0pb
2-year Mbono	5.56	2pb
10-year Mbono	7.14	7pb
Currencies		
USD/MXN	20.14	0.6%
EUR/USD	1.17	0.0%
GBP/USD	1.37	-0.6%
DXY	93.28	0.1%
Commodities		
WTI	70.29	-2.3%
Brent	73.92	-1.9%
Mexican mix	66.60	-2.1%
Gold	1,764.16	0.6%
Copper	411.45	-3.1%

Source: Bloomberg

Corporate Debt

- Today we expect the auction of two sustainability linked bonds by Coca-Cola FEMSA, KOF 21L / 21-2L, for MXN 7.0 billion, that can grow up to MXN 10.0 billion. The 21L tranche will pay a fixed rate with a 7-year term, while the 21-2L tranche will pay a floating rate with a 5-year term. The bonds are rated 'AAA' on a local scale
- Also, the auction of two unsecured notes by Cetelem (CETELEM 21-3 / 21-4) will take place for up to MXN 2.0 billion. The 21-3 series will have a 3-year term paying a floating rate and the 21-4 series will have a 5-year term with a fixed rate. The bonds' local scale ratings are 'AAA'
- Nacional Financiera (Fiduciary) informed that MBS CDVITOT 12U broke an Accumulated Non-Performing Loans Event, with the NPL Ratio over 16%. Therefore, in the payment date on September 20, a partial redemption call took place for MXN 960 million

Certification of Analysts.

We, 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 Thalia 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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