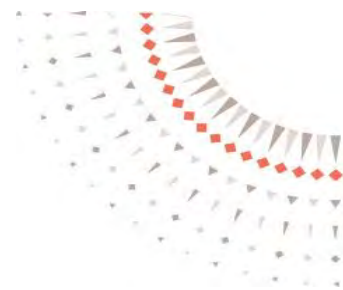


Financial Markets Daily



September 23, 2021

Main drivers for the financial markets today...

- **Positive stock markets, government bond yields up and USD down digesting yesterday's FOMC's decision and that regulators in China told Evergrande to focus on unfinished properties, pay individual investors and avoid near-term default on bonds. However, they also warned local governments to prepare for a potential collapse of the real estate developer, as well as prevent unrest and mitigate the impact on homebuyers. Investors will be awaiting Evergrande's interest payment**
- **Regarding economic figures in the US, the manufacturing PMI indicator for September will be released. Despite the rise in regional indicators for the month that have already been published, it should be remembered that manufacturing was strongly affected in several states at the end of August by Hurricane Ida, which we expect impacted activity at the national level also in September. In this context, we estimate that the manufacturing PMI will stand at 60.4pts in the ninth month of the year from 61.1pts previously Bank of England maintained benchmark interest rate at 0.10% and voted 7-2 to keep bund buying target unchanged. The central bank said that some developments strengthen case for modest tightening**
- **In Mexico, INEGI published 1H-September's inflation at 0.42% 2w/2w, surprising to the upside. The core came in at 0.31% 2w/2w, driven by goods. With these results, annual inflation came in at 5.87% (previous: 5.60%), with the core at 4.92% (previous: 4.77%)**

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The most relevant economic data...

Event/Period		Unit	Banorte	Survey	Previous
Eurozone and UK					
4:00	EZ Manufacturing PMI (Markit)* - Sep (P)	index	--	60.4	61.4
4:00	EZ Services PMI (Markit)* - Sep (P)	index	--	58.5	59.0
7:00	Monetary policy decision (BoE)	%	--	0.10	0.10
Mexico					
7:00	Consumer prices - Sep 15	% 2w/2w	0.27	0.29	0.18
7:00	Core - Sep 15	% 2w/2w	0.27	0.24	0.17
7:00	Consumer prices - Sep 15	% y/y	5.72	5.72	5.60
United States					
8:30	Initial jobless claims* - Sep 18	thousands	325	320	332
9:45	Manufacturing PMI (Markit)* - Sep (P)	index	60.4	60.5	61.1
9:45	Services PMI (Markit)* - Sep (P)	index	--	55.0	55.1
South African					
	Monetary policy decision (S. African R. Bank)	%	--	3.50	3.50

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	4,410.75	0.6%
Euro Stoxx 50	4,186.12	0.9%
Nikkei 225	29,639.40	0.0%
Shanghai Composite	3,642.22	0.4%
Currencies		
USD/MXN	19.99	-0.5%
EUR/USD	1.17	0.2%
DXY	93.19	-0.3%
Commodities		
WTI	71.89	-0.5%
Brent	75.86	-0.4%
Gold	1,772.48	0.2%
Copper	426.50	0.3%
Sovereign bonds		
10-year Treasury	1.34	4pb

Source: Bloomberg

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Equities

- **Positive movements in equity markets as investors react favorably to the Fed's monetary policy decision and Jerome Powell's comments about tapering, which is now expected to begin at the end of the year, while concerns continue around the Evergrande Group debt crisis and its potential impact on global markets**
- **In Asia the markets closed positive. There were no operations in Japan due to a holiday. In Europe stocks advance, the Euro Stoxx adds 1.0%. Shares from utilities, technology, and financials lead gains. In turn, in the US the futures of main indices point to a positive open by rising 0.5% on average**
- **In Mexico, the Mexbol may stand around the 51,600 pts**

Sovereign fixed income, currencies and commodities

- **Pressures in sovereign rates with European assets adjusting +1bp while the US Treasury curve loses 2bps from the mid-term nodes. Yesterday, the Mbonos' curve posted a flattening with 2bps pressures while the mid- and long-end posted 2bps gains with the 10-year benchmark at 7.12% (-1bp)**
- **USD weakens (DXY -0.3%) allowing a strengthening in most G10 currencies where CAD leads rallies (+0.8%). In EM the positive bias prevails with ZAR as the strongest (+0.9%) and TRY weakens 1.6% after Turkish' monetary policy decision, while MXN appreciates 0.5% to 19.99 per dollar**
- **Crude oil prices fall 0.6% despite a reduction in global inventories due to caution about risks in China's real estate sector. In metals, gold trades at 1,774 \$/oz t (+0.4%) while in industrials the performance is negative**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,258.32	1.0%
S&P 500	4,395.64	1.0%
Nasdaq	14,896.85	1.0%
IPC	51,338.34	1.0%
Ibovespa	112,282.30	1.8%
Euro Stoxx 50	4,150.19	1.3%
FTSE 100	7,083.37	1.5%
CAC 40	6,637.00	1.3%
DAX	15,506.74	1.0%
Nikkei 225	29,639.40	-0.7%
Hang Seng	24,221.54	0.0%
Shanghai Composite	3,628.49	0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	0.24	2pb
10-year Treasuries	1.30	-2pb
28-day Cetes	4.60	2pb
28-day TIIE	4.75	0pb
2-year Mbono	5.60	4pb
10-year Mbono	7.14	0pb
<i>Currencies</i>		
USD/MXN	20.09	-0.2%
EUR/USD	1.17	-0.3%
GBP/USD	1.36	-0.3%
DXY	93.46	0.3%
<i>Commodities</i>		
WTI	72.23	2.4%
Brent	76.19	2.5%
Mexican mix	68.68	2.5%
Gold	1,768.16	-0.4%
Copper	425.20	3.1%

Source: Bloomberg

Corporate Debt

- **Today we expect the auction of a gender social bond by Instituto Fonacot, FNCOT 21-2G, for a target amount of MXN 1.5 billion and maximum of MXN 3.0 billion with a 3-year term paying a floating rate. The bond is rated at ‘AAA’ in a local scale by Fitch Ratings and HR Ratings**
- **Fitch Ratings affirmed the international rating for Coca-Cola FEMSA at ‘A-’ and at ‘AAA(mex)’ in a local scale with a Stable outlook. The ratings reflect the gradual recovery in the company’s operative results to pre-pandemic levels and the expectation that it will maintain a strong financial profile**
- **Fitch Ratings affirmed Portafolio de Negocios’ long-term ratings at ‘A(mex)’ with a Stable Outlook and its short-term ratings at ‘F1(mex)’**

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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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	<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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