

# Financial Markets Daily

September 24, 2021

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

- **Stock markets mixed, with S&P500 futures down, and government bond yields and USD on the upside, as investors digest news coming from China. The PBoC declared crypto-related transactions as illegal, while uncertainty surrounding Evergrande's financial situation remains high. However, market participants are also acknowledging that central banks are willing to withdraw monetary stimulus in a gradual fashion**
- **Investor attention on housing data in the US and Brazil's CPI. Several Fed speakers are slated for speeches today, including Jerome Powell**
- **On Evergrande, some owners of the company's US dollar bonds said they did not receive coupon payments due yesterday. As a result, a 30-day grace period has started, which is necessary before a default is formally declared**
- **The Democratic leader in the House of Representatives, Nancy Pelosi, said that a government shutdown will be averted by passing a stopgap spending bill before September 30th. Nevertheless, this proposal will not include raising or suspending the debt limit, which remains unresolved given strong Republican opposition**
- **In Mexico, INEGI released July's retail sales, backtracking 0.4% m/m (+9.9% y/y), below market expectations. Within we saw a mixed performance, albeit with contractions in internet sales (-10.4%) and household appliances (-2.1%)**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
4:00	IFO Survey (business climate)* - Sep	index	--	98.9	99.4
<i>Mexico</i>					
7:00	Retail sales - Jul	% y/y	11.6	11.7	17.7
7:00	Retail sales* - Jul	% m/m	0.2	--	-0.6
<i>Brazil</i>					
8:00	Consumer prices - Sep	% 2w/2w	--	1.04	0.89
8:00	Consumer prices - Sep	% y/y	--	9.95	9.30
<i>United States</i>					
8:45	Fed's Mester Discusses Economic Outlook				
10:00	Powell, Clarida and Bowman Host Fed Listens Event				
10:00	New home sales** - Aug	thousands	--	709	708
10:05	Fed's George Discusses Economic Outlook				

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.
<i>Equity indices</i>		
S&P 500 Futures	4,416.25	-0.5%
Euro Stoxx 50	4,159.26	-0.9%
Nikkei 225	30,248.81	2.1%
Shanghai Composite	3,613.07	-0.8%
<i>Currencies</i>		
USD/MXN	20.17	0.6%
EUR/USD	1.17	-0.2%
DX	93.25	0.2%
<i>Commodities</i>		
WTI	73.06	-0.3%
Brent	77.13	-0.2%
Gold	1,753.47	0.6%
Copper	421.75	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.41	-2pb

Source: Bloomberg

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## Equities

- We conclude the week with mixed movements in stock markets, as all eyes continue on China Evergrande Group's debt crisis. Futures in the US anticipate a negative opening with the S&P500 trading 0.5% below its theoretical value and attention in fedspeakers
- Asia closed also mixed, standing out the rise in Japan's Nikkei of 2.1%, while China closed with small drops. The Sensex in India closed above 60,000pts for the first time, as vaccination progress continues accelerating. Europe trades with widespread losses, with consumer and retail leading the falls. In particular, Nike shares fall in pre-market after lowering its sales expectations related with factory closures, while EQT AB is being investigated in Sweden from suspected market abuse.
- In Mexico the Mexbol Index may be consolidating between 51,000 and 51,500pts

## Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds, although holding a mostly pressured weekly balance. European rates pressure ~3bps while US Treasuries gain ~2bps, pairing part of yesterday's sell-off that averaged 10bps and pushed the Mbonos curve to adjust +4bps, on average. Meanwhile, Udibonos rallied 15bps yesterday in short-term tenors
- The USD strengthens and moderates' losses against G10 currencies in the week. Balance today in the latter only includes marginal gains in CHF, while in EM currencies bias is also negative with ZAR leading losses (-1.6%). The USD/MXN depreciates 0.6% to 20.16
- Crude oil holds recent gains with Brent closing yesterday at its highest level since 2018 amid a challenging supply and demand balance backdrop for many energy sectors. In metals, silver, gold, and copper experience a favorable performance

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,764.82	1.5%
S&P 500	4,448.98	1.2%
Nasdaq	15,052.24	1.0%
IPC	51,464.27	0.2%
Ibovespa	114,064.40	1.6%
Euro Stoxx 50	4,194.92	1.1%
FTSE 100	7,078.35	-0.1%
CAC 40	6,701.98	1.0%
DAX	15,643.97	0.9%
Nikkei 225	29,639.40	0.0%
Hang Seng	24,510.98	1.2%
Shanghai Composite	3,642.22	0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	0.26	2pb
10-year Treasuries	1.43	13pb
28-day Cetes	4.63	3pb
28-day TIE	4.75	0pb
2-year Mbono	5.66	6pb
10-year Mbono	7.17	4pb
<i>Currencies</i>		
USD/MXN	20.05	-0.2%
EUR/USD	1.17	0.4%
GBP/USD	1.37	0.7%
DX	93.09	-0.4%
<i>Commodities</i>		
WTI	73.30	1.5%
Brent	77.25	1.4%
Mexican mix	69.76	1.6%
Gold	1,742.76	-1.4%
Copper	423.10	-0.5%

Source: Bloomberg

## Corporate Debt

- Unifin Financiera announced the signing of a three-year tenor, senior unsecured syndicated loan for US\$100 million with Bladex acting as the lead structurer. The resources obtained will be used to support Unifin's growth and optimize its debt maturity profile
- Fitch Ratings affirmed Organización Soriana's ratings at 'AA+(mex)' with a Stable outlook. The ratings are founded on its important market position as the second largest supermarket chain in Mexico in terms of sales and number of stores
- S&P Global Ratings confirmed Grupo Minsa's long-term ratings at 'mxA-' and short-term ratings at 'mxA-2'. Immediately after, the agency withdrew the ratings

## 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
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<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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