

# Financial Markets Daily

September 28, 2021

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

- **Negative stock markets, while government bond yields and USD are up amid stronger conviction about the 'tapering' announcement from the Federal Reserve in November, political impasse in the US about the debt ceiling, renewed increases in European energy prices, and political tension in North Korea**
- **Senate Republicans blocked a bill yesterday to suspend the debt ceiling until December 2022 and keep the government operating past the end of the fiscal year on September 30. That has left Democrats no alternative but to use a budget procedure that could take around two weeks**
- **Jerome Powell and Janet Yellen will testify before the Senate Banking Committee today. Likewise, Evans, Bownman, Bostic, and Bullard will participate in other events. As for economic figures in the US, trade balance, house prices, and Conference Board's consumer confidence will be released. We expect the latter to stand at 113pts in September, very close to the previous figure**
- **Meanwhile, in the Eurozone, Christine Lagarde will testify before the European Parliament**
- **In Mexico, INEGI released August's employment report. The unemployment rate fell to 4.33%, with 740.7 thousand lost jobs. With seasonally adjusted figures we saw a downward to 4.05% (-3bps)**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Unemployment rate - Aug	%	4.49	--	4.38
10:00	International reserves - Sep 24	US\$bn	--	--	198.4
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'26); 10-year Udibono (Nov'31) and 5-year Bondes D				
<i>United States</i>					
8:30	Trade balance* - Aug	US\$bn	--	-87.3	-86.4
9:00	S&P/CoreLogic housing prices - Jul	% y/y	--	20.0	19.1
10:00	Consumer confidence* - Sep	index	113.0	115.0	113.8
10:00	Powell and Yellen appear before Senate Banking Panel				
15:00	Fed's Bostic Discusses the 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	4,400.50	-0.7%
Euro Stoxx 50	4,103.11	-1.5%
Nikkei 225	30,183.96	-0.2%
Shanghai Composite	3,602.22	0.5%
<i>Currencies</i>		
USD/MXN	20.22	0.6%
EUR/USD	1.17	-0.1%
DX	93.66	0.3%
<i>Commodities</i>		
WTI	76.15	0.9%
Brent	80.01	0.6%
Gold	1,736.41	-0.8%
Copper	425.80	-0.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.54	5pb

Source: Bloomberg

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## Equities

- **Negative movements in equity markets due to the spike in bond yields, as the expectation of a Fed announcement soon (November) of the start of tapering strengthens, affecting risky assets' performance, mainly stocks with high valuations such as technology. Additionally, the situation regarding the debt ceiling in the US and higher energy prices add uncertainty among investors**
- **In Asia most markets closed in negative territory. In Europe stocks drop, the Euro Stoxx sheds 1.5%. Shares from technology, real estate, and industrials sectors lead the losses. In turn, in the US the futures of main indices point to a negative open by falling 1.0% on average, with the Nasdaq decreasing 1.7%**
- **In Mexico, the Mexbol may stand around the 51,100 pts**

## Sovereign fixed income, currencies and commodities

- **Pressures in rates from sovereign bonds continue with European securities printing a sell-off of ~4bps that reaches up to +8bps in the UK, while US Treasuries steepening extends with the long-end rising by 6bps. Mbonos sold-off 4bps yesterday**
- **The USD advances with all the G10 FX universe registering losses, where NZD underperforms (-0.8%). In EM currencies balance is also negative with ZAR being the weakest (-1.1%) and where the Mexican peso depreciates 0.6% to 20.22 per dollar, touching as high as 20.24 today**
- **The sharp surge in European energy prices continues as the supply crisis extends amid a backdrop of the proximity of the winter and low inventories. Dutch and British natural gas prices have reached historic highs, along with increases in electric prices and Brent which surpassed the 80 US\$/bbl level. Metals trade mostly negative**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,869.37	0.2%
S&P 500	4,443.11	-0.3%
Nasdaq	14,969.97	-0.5%
IPC	51,598.53	1.0%
Ibovespa	113,583.00	0.3%
Euro Stoxx 50	4,165.48	0.2%
FTSE 100	7,063.40	0.2%
CAC 40	6,650.91	0.2%
DAX	15,573.88	0.3%
Nikkei 225	30,240.06	0.0%
Hang Seng	24,208.78	0.1%
Shanghai Composite	3,582.83	-0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.28	1pb
10-year Treasuries	1.49	4pb
28-day Cetes	4.72	6pb
28-day TIIE	4.75	0pb
2-year Mbono	5.80	5pb
10-year Mbono	7.25	4pb
<i>Currencies</i>		
USD/MXN	20.11	0.3%
EUR/USD	1.17	-0.2%
GBP/USD	1.37	0.1%
DXY	93.38	0.1%
<i>Commodities</i>		
WTI	75.45	2.0%
Brent	79.53	1.8%
Mexican mix	71.89	1.8%
Gold	1,750.16	0.0%
Copper	428.95	0.1%

Source: Bloomberg

## Corporate Debt

- **Banco Invex (Trustee) informed the notice of accelerated amortization of the TFOVICB 20U issuance for MXN 36.3 million to reach the target over-collateral (25%). The issuance currently has an outstanding of MXN 5.77 billion and is rated 'AAA (mex) / HR AAA' by Fitch Ratings and HR Ratings**
- **S&P Global Ratings ratified CEMEX's ratings on a global scale at 'BB' and on a national scale at 'mxA'. It also revised the rating outlook to Positive from Negative. According to the agency, the rebound in the cement industry has been much faster than expected and CEMEX has implemented decisive actions to accelerate growth and improve profitability**

## 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 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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	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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