

# Financial Markets Daily

September 29, 2021

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

- **Mixed stock markets, government bond yields down and stable USD. Asia down following yesterday's sell-off, while Europe and S&P futures are up, on bargain buying, especially in the technology sector, although risks remain latent. Markets will be attentive to US debt ceiling negotiations as lawmakers continue to fail to reach an agreement with Republicans blocking Democratic proposals**
- **Regarding economic figures in the US, residential sector's data for August will be released. While, in the *Fed speakers* agenda, we highlight Powell's participation in a panel with Bailey, Kuroda and Lagarde at the ECB Forum on Central Banking. In addition, there will be interventions by Harker, Daly and Bostic at various events**
- **In the Eurozone, several confidence indicators were published, from which it stands out that economic confidence stood at 117.8 pts in September, very close to the levels of 117.6 pts in the previous month. Confidence in the industry rose slightly, while confidence in service's performance fell**
- **Evergrande announced the sale of a 19.9% stake in Shengjing Bank for US\$1.55bn to meet coupon payments and maturities on its bulky debt**
- **In Mexico, the regulatory authorities of the Financial System reported, in a press conference yesterday, on the process of license revocation and liquidation of Accendo bank. This is due to an accelerated fall in the bank's capital that endangers the resources of savers. It was mentioned that the institution's bad practices go against the best practices of the financial system and that there is no systemic risk**

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## The most relevant economic data...

|                      | Event/Period  | Unit  | Banorte | Survey | Previous |
|----------------------|---|-------|---------|--------|----------|
| <i>Eurozone</i>      |   |       |         |        |          |
| 4:00                 | Consumer Confidence* - Sep (F)                        | index | --      | --     | -4.0     |
| 5:00                 | Economic confidence* - Sep                            | index | --      | 116.9  | 117.5    |
| <i>United States</i> |   |       |         |        |          |
| 11:45                | Powell takes part in ECB forum                        |       |         |        |          |
| 14:00                | Fed's Bostic Gives Remarks at Chicago Fed Payments... |       |         |        |          |
| <i>China</i>         |   |       |         |        |          |
| 21:00                | Manufacturing PMI* - Sep                              | index | --      | 50.2   | 50.1     |
| 21:00                | Non-manufacturing PMI* - Sep                          | index | --      | 50.8   | 47.5     |
| 21:00                | Composite PMI* - Sep                                  | index | --      | -      | 48.9     |
| 21:45                | Manufacturing PMI (Caixin)*-Sep                       | index | --      | 49.5   | 49.2     |

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        | 4,367.25  | 0.5%       |
| Euro Stoxx 50          | 4,102.62  | 1.1%       |
| Nikkei 225             | 29,544.29 | -2.1%      |
| Shanghai Composite     | 3,536.29  | -1.8%      |
| <i>Currencies</i>      |           |            |
| USD/MXN                | 20.37     | 0.1%       |
| EUR/USD                | 1.16      | -0.3%      |
| DX                     | 93.96     | 0.2%       |
| <i>Commodities</i>     |           |            |
| WTI                    | 74.81     | -0.6%      |
| Brent                  | 78.54     | -0.7%      |
| Gold                   | 1,741.98  | 0.5%       |
| Copper                 | 422.20    | -0.5%      |
| <i>Sovereign bonds</i> |           |            |
| 10-year Treasury       | 1.51      | -3pb       |

Source: Bloomberg

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## Equities

- **Equity markets with mixed movements and positive bias, as the 10-year yield's run eased, prompting investors to buy stocks that were affected by the drop in the previous session. Meanwhile, the debt ceiling debate in Washington, supply chain problems and inflation concerns are adding to market caution**
- **In the US, futures anticipate an upward opening, with the S&P500 trading at +0.5% and the Nasdaq at +0.6%, after posting its largest decline since March (-2.8%) yesterday. In Europe, stock markets are up, with focus on the ECB's Central Banking forum**
- **In Asia, the session closed mostly lower, where the Nikkei fell 2.1% and the Hang Seng advanced 0.7%, supported by Evergrande's announcement (+15.0%) that it will sell a US\$1.55 billion stake in Shengjing Bank**

## Sovereign fixed income, currencies and commodities

- **Positive balance in global rates with European assets adjusting -2bps. Meanwhile, US Treasuries print gains of 3bps in the long-end of the yield curve. In Mexico, the Mbonos' yield closed yesterday with a 7bps sell-off, on average, with the 10-year benchmark closing at 7.27%**
- **The USD strengthens against most of the G10 currencies except for JPY (+0.1%), with losses limited by NOK (-0.7%). In EM, bias is mixed under narrow ranges of +/-0.3%, while MXN trades at 20.36 per dollar (-0.1%), scoring four negative sessions in a row**
- **Crude-oil fell after its recent rally as API released an unexpected increase in US crude inventories, so today investors await confirmation of the data by the EIA at 10:30am. Negative performance in metals with gold and copper adjusting +0.4% and -0.5%, respectively**

## Previous closing levels

|                        | Last       | Daily chg. |
|------------------------|------------|------------|
| <i>Equity indices</i>  |            |            |
| Dow Jones              | 34,299.99  | -1.6%      |
| S&P 500                | 4,352.63   | -2.0%      |
| Nasdaq                 | 14,546.68  | -2.8%      |
| IPC                    | 50,925.52  | -1.3%      |
| Ibovespa               | 110,123.90 | -3.0%      |
| Euro Stoxx 50          | 4,058.82   | -2.6%      |
| FTSE 100               | 7,028.10   | -0.5%      |
| CAC 40                 | 6,506.50   | -2.2%      |
| DAX                    | 15,248.56  | -2.1%      |
| Nikkei 225             | 30,183.96  | -0.2%      |
| Hang Seng              | 24,500.39  | 1.2%       |
| Shanghai Composite     | 3,602.22   | 0.5%       |
| <i>Sovereign bonds</i> |            |            |
| 2-year Treasuries      | 0.30       | 2pb        |
| 10-year Treasuries     | 1.54       | 5pb        |
| 28-day Cetes           | 4.69       | -3pb       |
| 28-day TIIE            | 4.75       | 0pb        |
| 2-year Mbono           | 5.87       | 6pb        |
| 10-year Mbono          | 7.35       | 9pb        |
| <i>Currencies</i>      |            |            |
| USD/MXN                | 20.35      | 1.2%       |
| EUR/USD                | 1.17       | -0.1%      |
| GBP/USD                | 1.35       | -1.2%      |
| DXY                    | 93.77      | 0.4%       |
| <i>Commodities</i>     |            |            |
| WTI                    | 75.29      | -0.2%      |
| Brent                  | 79.09      | -0.6%      |
| Mexican mix            | 71.76      | -0.2%      |
| Gold                   | 1,734.01   | -0.9%      |
| Copper                 | 424.65     | -1.0%      |

Source: Bloomberg

## Corporate Debt

- **Credito Real published a special report where it provided additional details regarding the risk profile of its loan portfolio. According to the statement, the report includes records from the last 10 years to show the comparison of current delinquency rates with figures from previous periods. It also provided concrete guidance on the consolidated delinquency rate for the end of the year (3.2% - 3.8%)**
- **S&P Global Ratings ratified the rating of the FHIPOCB 21-2 issue that Fhipo intends to place at 'mxAAA (sf)' after knowing the updated characteristics of the portfolio to be securitized. S&P received updated information on the portfolio to be securitized, as well as the amount to be issued, which will now be for up to MXN 3 billion**

## 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   |
|------|---|
| BUY  | When the share expected performance is greater than the MEXBOL estimated performance. |
| 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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