

Financial Markets Daily

September 30, 2021

Main drivers for the financial markets today...

- **Mixed stock markets, S&P futures up, while USD and government bond yields post small changes as investors await for a likely normalization from the Federal Reserve soon and a deal to avoid a shutdown in Washington, as well as concerns over slowing growth, high inflation in the world and Evergrande's debt situation**
- **Today Powell and Yellen will appear before the House Financial Services Committee. Likewise, the agenda of interventions by Fed members in other forums includes Williams, Bostic, Harker, Evans, Bullard and Daly. Regarding economic figures in the US, the final 2Q21 GDP report will be released, as well as the initial jobless claims**
- **Senate in the US will vote today on a bill extending government funding until December 3 to avoid a shutdown when the fiscal year ends midnight tonight. The bill doesn't include the suspension of the debt ceiling, so it should easily pass both chambers. A vote on the infrastructure project in the House of Representatives is also scheduled for today. Its' future is uncertain given the divisions within the Democratic party and the Republicans opposition**
- **In Mexico, we expect Banxico to announce another 25bps hike in a split decision, taking the reference rate to 4.75%. Considering the challenging outlook, especially for inflation, as well as the Fed's latest signal of an upcoming tapering later this year, we believe a majority will maintain a cautious approach. Moreover, we see some upward adjustments in the central bank's inflation forecasts**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
8:00	Consumer prices - Sep (P)	% y/y	--	3.9	3.4
United States					
8:30	Initial jobless claims* - Sep 25	thousands	330	325	351
8:30	Gross domestic product** - 2Q21	% q/q	6.7	6.7	6.6
10:00	Fed's Williams Discusses the Fed's Pandemic Response				
11:00	Fed's Bostic Discusses Economic Mobility				
12:30	Fed's Evans Discusses Economic Outlook				
Mexico					
10:00	Banking credit - Aug	% y/y	-7.1	--	-9.7
14:00	Monetary policy decision (Banxico)	%	4.75	4.75	4.50
15:30	Public finances (year-to-date) - Aug	MXNmn	--	--	-434.4
Colombia					
14:00	Monetary policy decision (BanRep)	%	--	2.00	1.75

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

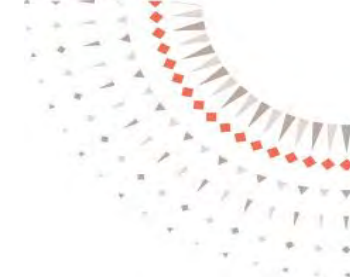
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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,362.25	0.3%
Euro Stoxx 50	4,072.41	-0.2%
Nikkei 225	29,452.66	-0.3%
Shanghai Composite	3,568.17	0.9%
<i>Currencies</i>		
USD/MXN	20.52	0.0%
EUR/USD	1.16	-0.2%
DX	94.44	0.1%
<i>Commodities</i>		
WTI	74.02	-1.1%
Brent	78.05	-0.8%
Gold	1,725.18	-0.1%
Copper	411.95	-1.9%
<i>Sovereign bonds</i>		
10-year Treasury	1.53	1pb

Source: Bloomberg

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Equities

- **Equity markets mixed, as stocks are set to end the month lower amid investor caution over the Fed's upcoming tapering, concerns about high inflation, the crisis in China, rising Treasury yields and the debt ceiling situation in Washington**
- **In the US, futures trade in positive territory, with the S&P500 up 0.4%. In Europe, the Stoxx 600 gains 0.3% supported by the advance of the energy and healthcare sectors. In Asia, the session closed mixed, where the Shanghai Comp rose 0.9% and the Nikkei fell 0.3%**
- **On the corporate front, Amx' shareholders approved the spin-off of telecom towers and other passive infrastructure in Latin America, which should be well received by the market. We remain attentive to the Investor Day next Tuesday in New York**

Sovereign fixed income, currencies and commodities

- **Government rates pressures, with small changes in European assets highlighting Gilts with +2bps adjustments, while the US Treasury curve pressured 1bp from the mid-term tenors. Yesterday, the Mbonos' curve closed with 3bps pressure on average, mainly concentrated in the long-end and the 10-year security at 7.31% (+4bps)**
- **The dollar is trading with slight gains (DXY +0.2%) with a negative bias predominating in G10 currencies with NOK leading the losses (-0.5%). In the EM group, negative bias also prevails, with BGN retreating 0.8% while MXN trades stable at 20.53 per dollar after yesterday's 0.9% sell-off**
- **Crude oil prices fall 0.2% as US inventories increase, while some OPEC+ countries have failed to meet the production increase agreed at the beginning of the month. In metals, gold falls 0.1% to US\$1,725/oz t and the balance in industrials is mixed**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,390.72	0.3%
S&P 500	4,359.46	0.2%
Nasdaq	14,512.44	-0.2%
IPC	51,084.61	0.3%
Ibovespa	111,106.80	0.9%
Euro Stoxx 50	4,080.22	0.5%
FTSE 100	7,108.16	1.1%
CAC 40	6,560.80	0.8%
DAX	15,365.27	0.8%
Nikkei 225	29,544.29	-2.1%
Hang Seng	24,663.50	0.7%
Shanghai Composite	3,536.29	-1.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.29	-1pb
10-year Treasuries	1.52	-2pb
28-day Cetes	4.74	5pb
28-day TIIE	4.75	0pb
2-year Mbono	5.89	2pb
10-year Mbono	7.38	4pb
<i>Currencies</i>		
USD/MXN	20.51	0.8%
EUR/USD	1.16	-0.7%
GBP/USD	1.34	-0.8%
DXY	94.34	0.6%
<i>Commodities</i>		
WTI	74.83	-0.6%
Brent	78.64	-0.6%
Mexican mix	71.13	-0.9%
Gold	1,726.37	-0.4%
Copper	419.90	-1.1%

Source: Bloomberg

Corporate Debt

- **Unifin Financiera informed the contracting of a new unsecured financing for a total amount of US\$ 45 million with a five-year term with the investment fund Eco-Business impact. According to the statement, the resources will be used to develop products that promote responsible environmental and social practices**
- **HR Ratings downgraded Credito Real's rating to 'HR A +' from 'HR AA-' with a stable outlook due to the deterioration observed in its financial situation during the last 12 months. Subsequently, the rating was withdrawn at the request of the Company**
- **Fitch Ratings affirmed Crédito Real's international rating (IDR) at 'BB' and long- and short-term national scale ratings at 'A (mex)' and 'F1 (mex)'. The outlook is Negative. According to the agency, the approved portfolio sale plans have a good probability of occurrence in the next six months**

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
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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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