

Financial Markets Daily

October 7, 2021

Main drivers for the financial markets today...

- **Positive stock markets, while USD, government bond yields and oil are down amid the progress to extend the US debt ceiling into December, Russia's offer to ease Europe's energy crunch and comments from the ECB on studying a new bond-buying program to prevent market turmoil**
- **In the US, jobless claims for the week ending October 2 will be released. We estimate they will stand at 350k (consensus 348k, previous 362k). Likewise, consumer credit figures will also be published. Regarding the Fed speakers agenda, we highlight Williams and Mester's interventions**
- **In the Eurozone, ECB's last meeting minutes will be published. Also, regarding the European Central Bank, it is said that they are studying a new bond-buying program to prevent any market turmoil when the Emergency Purchase Program (PEPP) ends in March 2022**
- **In Mexico, INEGI published September's inflation at +0.62% m/m, with the core up 0.46% m/m. Both prints were high versus comparable periods. As such, annual inflation came in at 6.00% (previous: 5.59%), with the core at 4.92% (previous: 4.78%)**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
2:00	Industrial production* - Aug	% m/m	--	-0.5	1.0
<i>Mexico</i>					
7:00	Consumer prices - Sep	% m/m	0.71	0.60	0.19
7:00	Core - Sep	% m/m	0.52	0.47	0.43
7:00	Consumer prices - Sep	% y/y	6.09	6.00	5.59
<i>United States</i>					
8:30	Initial jobless claims* - Oct 2	thousands	350	349	362
11:45	Fed's Mester Takes Part in Panel on Inflation Dynamics				
15:00	Consumer credit* - Aug	US\$bn	--	18.0	17.0
<i>Peru</i>					
19:00	Monetary policy decision (BCRP)	%	--	1.38	1.00
<i>China</i>					
21:45	Composite PMI (Caixin)* - Sep	index	--	49.2	46.7
21:45	Services PMI (Caixin)* - Sep	index	--	--	47.2

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	4,395.25	0.9%
Euro Stoxx 50	4,083.31	1.8%
Nikkei 225	27,678.21	0.5%
Shanghai Composite	3,568.17	0.0%
<i>Currencies</i>		
USD/MXN	20.47	-0.4%
EUR/USD	1.16	0.1%
DX	94.11	-0.2%
<i>Commodities</i>		
WTI	76.34	-1.4%
Brent	80.27	-1.0%
Gold	1,761.80	-0.1%
Copper	420.80	1.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.53	1pb

Source: Bloomberg

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Equities

- **Positive movements in equity markets, as optimism grows among investors over the progress in the US to reach an agreement on the debt ceiling. Also, Russia's offer to mitigate the energy crisis added to the sentiment. Thus, futures on the major US indices anticipate an upward opening, with the S&P500 trading at +1.0%**
- **In Asia, markets closed positive, highlighting the Hang Seng's 3.1% advance. China remained closed for holidays. In Europe, the Stoxx 600 gains 1.3%, with generalized increases across all sectors**
- **In Mexico, Alfa announced that Sigma Alimentos reached an agreement to sell its operations in Belgium and the Netherlands to Ter Beke Group, with neutral implications for the share price. In addition, we will be paying close attention to the Cemex Day, which will be held throughout the morning**

Sovereign fixed income, currencies and commodities

- **Government rate gains as concerns about the US debt ceiling ease. European assets adjust -2bps while the US Treasury curve shows slight gains on the long-end. In the local market, the Mbonos' curve yesterday appreciated -1bp on average, with the 10-year benchmark closing at 7.56% (-5bps)**
- **The dollar declines slightly (DXY -0.1%) allowing a moderate advance in most G10 currencies with AUD leading the rallies (+0.4%). Positive bias prevails in the EM group, ZAR is the strongest (+0.7%) while MXN appreciates 0.2% to 20.51 per dollar**
- **Crude oil prices fall 1.2% on average on the back of Russia's offer to increase gas exports to alleviate Europe's energy crisis. In metals, gold trades at 1,765 \$/oz t (+0.1%) while in industrials the balance is positive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,416.99	0.3%
S&P 500	4,363.55	0.4%
Nasdaq	14,501.91	0.5%
IPC	50,974.49	-0.2%
Ibovespa	110,559.60	0.1%
Euro Stoxx 50	4,012.65	-1.3%
FTSE 100	6,995.87	-1.1%
CAC 40	6,493.12	-1.3%
DAX	14,973.33	-1.5%
Nikkei 225	27,528.87	-1.1%
Hang Seng	23,966.49	-0.6%
Shanghai Composite	3,568.17	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.29	1pb
10-year Treasuries	1.52	-1pb
28-day Cetes	4.83	2pb
28-day TIE	4.99	0pb
2-year Mbono	6.03	-2pb
10-year Mbono	7.56	-2pb
<i>Currencies</i>		
USD/MXN	20.55	-0.1%
EUR/USD	1.16	-0.4%
GBP/USD	1.36	-0.3%
DXY	94.27	0.3%
<i>Commodities</i>		
WTI	77.43	-1.9%
Brent	81.08	-1.8%
Mexican mix	73.84	-1.6%
Gold	1,762.74	0.1%
Copper	414.75	-1.1%

Source: Bloomberg

Corporate Debt

- **Today we expect the auction of a structured bond from Fhipo, backed by a portfolio of residential mortgages, originated by Infonavit, for an amount of up to MXN 3.5 billion. The issuance will have a 30-year legal term, although it considers target amortizations, and will pay a fixed rate. The bond's local scale ratings are 'AAA' by S&P Global, Moody's and HR Ratings**
- **Also, the auction of two unsecured bonds by Toyota Financial Services México is expected (TOYOTA 21 / 21-2), for an amount up to MXN 2.0 billion. The 21 series will have a 3-year term, with a floating rate; while the 21-2 series will have a 4.5-year term paying a fixed rate. The issuances are rated at 'AAA' in a local scale by S&P Global and Fitch 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 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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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