

# Financial Markets Daily

October 12, 2021

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

- **Mixed stock markets, government bond yields down and USD with few changes amid concerns about inflationary pressures from rising energy prices and supply chain disruptions, as well as signs of additional regulation in China**
- **The International Monetary Fund will release the World Economic Outlook, where it is very likely to see a downward adjustment in the estimates for global growth. On the other hand, the Governing Board of the organism decided to keep Kristalina Georgieva at the head of the institution. This decision was made after reviewing the accusations against her about possible pressure and conflict of interest when she worked at the World Bank, in a case related to the ranking of China in the "Doing Business" document**
- **In the US, the House of Representatives will vote today on a short-term increase in the debt limit until December, which was already approved in the Senate last week. Regarding the Fed speakers agenda, we highlight the interventions of Clarida, Bostic and Barkin**
- **In Mexico, INEGI published industrial production for August, up 0.4% m/m (+5.5% y/y), surprising higher despite a challenging situation in several fronts. We note increases in construction (1.9%) and manufacturing (0.2%), with an additional downtick in mining (-0.1%)**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
10:00	International reserves - Oct 8	US\$bn	--	--	198.6
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 3-year Mbono (Sep'24); 30-year Udibono (Nov'50) and 5-year Bondes F				
13:00	Job creation of workers affiliated to IMSS - Sep	thousands	--	--	128.9
<i>United States</i>					
11:15	Fed's Clarida, speaks at IIF annual meeting				
12:30	Fed's Bostic, speaks on inflation at Peterson institute				
<i>China</i>					
22:00	Trade balance - Sep	USDbn	--	47.2	58.3
22:00	Exports - Sep	% y/y	--	22.0	25.6
22:00	Imports - Sep	% y/y	--	22.1	33.1

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	4,355.50	0.1%
Euro Stoxx 50	4,058.75	-0.3%
Nikkei 225	28,230.61	-0.9%
Shanghai Composite	3,546.94	-1.2%
<i>Currencies</i>		
USD/MXN	20.78	-0.4%
EUR/USD	1.16	0.0%
DX	94.33	0.0%
<i>Commodities</i>		
WTI	80.93	0.5%
Brent	83.93	0.3%
Gold	1,764.48	0.6%
Copper	435.45	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.59	-2pb

Source: Bloomberg

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## Equities

- **Mixed movements, with negative bias, in equity markets where uncertainty and fears prevail regarding the impact of higher inflation ( with a possible longer duration than expected), with energy prices rising and supply chain issues, on global economic growth. In addition to the above, there is the risk of greater regulation in private sectors in China**
- **In Asia most markets closed negative. In Europe stocks are mixed, though the Euro Stoxx falls 0.3%. Shares from health care and communication services sectors lead losses, while those from technology and utilities show gains. In turn, in the US the futures of main indices point to a positive open by rising 0.2% on average**
- **In Mexico, the Mexbol may stand around the 51,650 pts**

## Sovereign fixed income, currencies and commodities

- **Gains in government rates with European assets adjusting -2bps while the Treasuries yield curve trades with pressures of 2bps on the short-end and gains of up to 3bps on long-term tenors. Yesterday, Mbonos' curve closed with marginal changes, the 10-year benchmark closed unchanged at 7.50%**
- **The dollar trades with few changes on the DXY, allowing for an appreciation in most G10 currencies, where NOK (+0.6%) leads the gains. In the EM group performance is mixed, with THB appreciating 1.3% and TWD falling 0.4%, MXN is the third strongest currency with an appreciation of 0.4% to 20.78 per dollar**
- **Crude oil prices increase 0.3% on low inventories levels in Europe of natural gas and coal, with an expectation of higher demand for alternative fuels. In metals, gold trades at 1,762 US\$/oz t (+0.5%) while in industrials the balance is mixed**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,496.06	-0.7%
S&P 500	4,361.19	-0.7%
Nasdaq	14,486.20	-0.6%
IPC	51,646.75	1.0%
Ibovespa	112,180.50	-0.6%
Euro Stoxx 50	4,072.52	0.0%
FTSE 100	7,146.85	0.7%
CAC 40	6,570.54	0.2%
DAX	15,199.14	0.0%
Nikkei 225	28,498.20	1.6%
Hang Seng	25,325.09	2.0%
Shanghai Composite	3,591.71	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.32	0pb
10-year Treasuries	1.61	0pb
28-day Cetes	4.96	4pb
28-day TIE	4.99	0pb
2-year Mbono	6.02	0pb
10-year Mbono	7.51	1pb
<i>Currencies</i>		
USD/MXN	20.87	0.8%
EUR/USD	1.16	-0.1%
GBP/USD	1.36	-0.1%
DXY	94.32	0.3%
<i>Commodities</i>		
WTI	80.52	1.5%
Brent	83.65	1.5%
Mexican mix	76.27	1.4%
Gold	1,754.15	-0.2%
Copper	436.65	2.1%

Source: Bloomberg

## Corporate Debt

- **IEEnova informed that it paid in advance the financing of the Energía Sierra Juárez wind farm, a wind power generation complex located in Tecate, Baja California. The advance payment was made for a total amount of US\$ 175 million plus interest, derivatives and other ancillary costs**
- **CEMEX announced the release of the preferred guarantee under the Credit Agreement and its senior secured notes**
- **Fitch Ratings upgraded Monex, S.A.B.'s long and short-term national scale ratings to 'AA- (mex)' and 'F1 + (mex)' from 'A+ (mex)' and 'F1 (mex)', respectively. The outlook is Negative. According to the agency, the increase is the result of its double leverage indicator consistently below 120% in the last four years, supported by good internal capital generation**

## 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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