

Financial Markets Daily

October 13, 2021

Main drivers for the financial markets today...

- **Mixed stock markets, while government bond yields and USD are down awaiting US CPI report and the FOMC's minutes -which could confirm expectations of a tapering announcement in November- along with the start of the corporate earnings season and Apple announcement about cutting iPhone13 production due to chip shortages**
- **The attention is on the release of the FOMC's last meeting minutes. Markets are expecting the tapering announcement on November and we think the minutes will not change this perception. However, the document will be very relevant to see how strong is the inclination of the Fed members to start now with the reduction in the purchase of assets and the the process details. Also, regarding the central bank, Quarles' term as Vice Chairman for Supervision expires today, and there will be interventions by Brainard and Bowman**
- **As for economic figures, in the US the inflation report for September will be published. We expect a 0.3% m/m increase, the same as the previous month, with which the annual variation will remain at 5.3%. We estimate Core CPI at 0.2% m/m, above the +0.1% m/m variation posted in August, with the annual variation at 4.0%. According to our estimates, the maximum for the year has not yet been reached and we will see it in November, while we maintain our projection for the entire year at 4.4%**
- **In other events, today G20 finance ministers and central bankers will meet in Washington**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
7:30	Consumer prices* - Sep	% m/m	0.3	0.3	0.3
7:30	Ex. food & energy* - Sep	% m/m	0.2	0.2	0.1
7:30	Consumer prices - Sep	% y/y	5.3	5.3	5.3
7:30	Ex. food & energy - Sep	% y/y	4.0	4.0	4.0
13:00	FOMC Meeting Minutes				
16:30	Fed's Brainard, speaks at Fed listens event				
20:00	Fed's Bowman, discusses the economy and monetary policy				
<i>Chile</i>					
17:00	Monetary policy decision (BCCh)	%	--	2.25	1.50
<i>China</i>					
21:30	Consumer prices - Sep	% y/y	--	0.9	0.8

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	4,348.25	0.2%
Euro Stoxx 50	4,076.86	0.5%
Nikkei 225	28,140.28	-0.3%
Shanghai Composite	3,561.76	0.4%
<i>Currencies</i>		
USD/MXN	20.72	-0.3%
EUR/USD	1.16	0.3%
DX	94.29	-0.2%
<i>Commodities</i>		
WTI	79.93	-0.9%
Brent	82.63	-0.9%
Gold	1,772.75	0.7%
Copper	438.95	1.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.57	-1pb

Source: Bloomberg

Document for distribution among public

Equities

- **Stock indices show mixed performances, with investors cautious ahead of the US inflation report and the formal start of the quarterly earnings season. Today, out of 4 S&P 500 companies reporting their numbers, 3 already did better than expected, among them: BlackRock, First Republic Bank and JPMorgan. Delta Air Lines will also present its figures. In other corporate topics, the news that Apple could cut its production due to the shortage of chips stood out**
- **In the US, S&P 500 futures rose 0.2%. In Europe, meanwhile, the bias is positive, with the Stoxx 600 up 0.5%, with advances in the technology and chemicals sectors. In Asia, performance was mixed, with the Hong Kong stock exchange closed due to a typhoon warning. Finally, in Mexico the Mexbol could be above 51,990 points**

Sovereign fixed income, currencies and commodities

- **Gains in government rates with European assets adjusting up to -5bps while the US Treasuries yield curve shows gains of 3bps in the long-term maturities. In the local market, yesterday the Mbonos' curve closed with gains of 3bps on average, and the 10-year benchmark at 7.46% (-4bps)**
- **Dollar trades slightly lower (DXY -0.2%) allowing a moderate advance in G10 currencies, where NOK (+0.4%) leads the gains. In the EM group, performance is positive with ZAR (+0.9%) as the strongest, while MXN appreciates 0.4% to 20.71 per dollar**
- **Crude oil prices decline 0.6% as a pause to the recent rally, with investors attentive to OPEC's monthly outlook report. In metals, gold trades at 1,773 \$/oz t (+0.7%) while the balance in industrials is positive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,378.34	-0.3%
S&P 500	4,350.65	-0.2%
Nasdaq	14,465.92	-0.1%
IPC	51,835.88	0.4%
Ibovespa	112,180.50	0.0%
Euro Stoxx 50	4,055.09	-0.4%
FTSE 100	7,130.23	-0.2%
CAC 40	6,548.11	-0.3%
DAX	15,146.87	-0.3%
Nikkei 225	28,230.61	-0.9%
Hang Seng	24,962.59	-1.4%
Shanghai Composite	3,546.94	-1.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.34	2pb
10-year Treasuries	1.58	-3pb
28-day Cetes	4.79	-17pb
28-day TIIE	4.98	0pb
2-year Mbono	6.02	0pb
10-year Mbono	7.47	-5pb
<i>Currencies</i>		
USD/MXN	20.78	-0.4%
EUR/USD	1.15	-0.2%
GBP/USD	1.36	-0.1%
DXY	94.52	0.2%
<i>Commodities</i>		
WTI	80.64	0.1%
Brent	83.42	-0.3%
Mexican mix	76.27	0.0%
Gold	1,760.18	0.3%
Copper	432.55	-0.9%

Source: Bloomberg

Corporate Debt

- **Grupo Radio Centro reported that on October 20 it will carry out an early partial amortization of its outstanding issuances RCENTRO 16 / 17 / 17-2 for MXN 100.84 million. The bonds have an outstanding amount of MXN 1.52 billion and are rated 'HR C' and 'mxCCC +' by HR Ratings and S&P Global Ratings**
- **S&P Global Ratings ratified CHIACB 07 / 07U (Chiapas State FF) rating at 'mxAA +'. According to the agency, the confirmation is based on its credit risk assessment of the State of Chiapas, as well as on the payment structure through the Trust that receives 100% of the collection of the payroll tax**
- **HR Ratings ratified APPCVCB 17 issue (FF of the Coatzacoalcos - Villahermosa highway) rating at 'HR AAA (E)' with a Stable outlook**

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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