

Financial Markets Daily

October 14, 2021

Main drivers for the financial markets today...

- **Stock markets positive, USD lower and government bond yields negative, taking a momentary breather despite uncertainty about risks for the global recovery and inflationary pressures. Awaiting relevant earnings reports in the US and assimilating price data from China**
- **Markets keep digesting yesterday's Fed minutes and CPI reports, which continue fueling unfavorable expectations on prices. In this context, President Biden announced that the port of Los Angeles will operate 24/7 to try to provide some relief to supply issues. Meanwhile, CPI in China in September came in below expectations at 0.7% y/y, although with PPI shooting up to 10.7% y/Y (previous: 9.5%)**
- **On virus news, today the FDA will meet to discuss the application of boosters to the Moderna and Pfizer vaccines. The US announced the full reopening of its land borders with Mexico and Canada starting in November. However, other countries showed new highs in contagions, such as Russia**
- **Regarding economic data, in the US we are expecting September's PPI and weekly jobless claims. From the Fed we will look into speeches from Bullard, Bostic, Barkin, Daly and Harker throughout the day. In Mexico, attention on Banxico's minutes, with special attention con comments from members and debate on inflation**
- **Regarding monetary policy, yesterday in Chile the reference rate was increased by 125bps to 2.75%. In Turkey, President Erdogan dismissed three members of the Board of Governors of the central bank, triggering a strong decline in the Lira**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
7:30	Initial jobless claims* - Oct 9	thousands	320	323	326
7:30	Producer prices* - Sep	% m/m	--	0.6	0.7
7:30	Ex. food & energy* - Sep	% m/m	--	0.5	0.6
10:00	Fed's Bostic, takes part in panel on inclusive growth				
12:00	Fed's Barkin, da discurso				
18:00	Fed's Harker Discusses the Economic Outlook				
<i>Mexico</i>					
10:00	Banxico's minutes				

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	4,390.25	0.8%
Euro Stoxx 50	4,131.39	1.2%
Nikkei 225	28,550.93	1.5%
Shanghai Composite	3,558.28	-0.1%
<i>Currencies</i>		
USD/MXN	20.55	0.0%
EUR/USD	1.16	0.1%
DX	93.83	-0.3%
<i>Commodities</i>		
WTI	81.36	1.1%
Brent	84.11	1.1%
Gold	1,796.13	0.2%
Copper	456.85	1.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.53	-1pb

Source: Bloomberg

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Equities

- **Equity markets with positive movements, as investors focus on the earnings reports to be released today, with greater weight from the banking sector, while they digest higher-than-expected inflation data and the Fed's minutes which indicate the beginning of a gradual tapering in mid-November. In the US, futures anticipate an upward opening, with the S&P500 trading at +0.8%**
- **In Europe, stock markets rise and the Stoxx 600 gains 0.9%, driven by increases in all sectors. In Asia, the session closed positive, where the Nikkei advanced 1.5%. Hong Kong remained closed for holidays**
- **The results of 9 S&P500 companies are expected today, highlighting those of Bank of America, US Bancorp, Morgan Stanley, Wells Fargo, and UnitedHealth, which have already reported beating expectations. While Citigroup will present its figures later this morning**

Sovereign fixed income, currencies and commodities

- **Positive balance in global rates with European assets adjusting -4bps. Meanwhile, US Treasuries print gains of 1bp in the mid-end of the yield curve. In Mexico, the Mbonos' yield closed yesterday with a 5bps rally, on average, with the 10-year benchmark closing at 7.41% (-5bps)**
- **The USD trades with losses amid a favorable performance in most of the G10 and EM currencies. In the former, NZD trades as the strongest (+0.9%) and in the latter, MXN trades fairly unchanged at 20.55 per dollar, after an 1.1% appreciation yesterday**
- **Crude-oil climbs 1.2% with IEA expecting higher demand (+500 Kbb/d) due to shortages of natural gas. Today the focus will be on EIA's inventory report at 10:30am. Widespread gains in metals, where zinc and aluminum adjust +3.0%, while gold trades at 1,798 \$/t oz (+0.3%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,377.81	0.0%
S&P 500	4,363.80	0.3%
Nasdaq	14,571.63	0.7%
IPC	51,812.87	0.0%
Ibovespa	113,455.90	1.1%
Euro Stoxx 50	4,083.28	0.7%
FTSE 100	7,141.82	0.2%
CAC 40	6,597.38	0.8%
DAX	15,249.38	0.7%
Nikkei 225	28,140.28	-0.3%
Hang Seng	24,962.59	0.0%
Shanghai Composite	3,561.76	0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	0.36	2pb
10-year Treasuries	1.54	-4pb
28-day Cetes	4.79	0pb
28-day TIIE	4.99	0pb
2-year Mbono	5.98	-3pb
10-year Mbono	7.42	-4pb
<i>Currencies</i>		
USD/MXN	20.55	-1.1%
EUR/USD	1.16	0.6%
GBP/USD	1.37	0.5%
DX	94.08	-0.5%
<i>Commodities</i>		
WTI	80.44	-0.2%
Brent	83.18	-0.3%
Mexican mix	76.27	0.0%
Gold	1,792.97	1.9%
Copper	451.60	4.4%

Source: Bloomberg

Corporate Debt

- **Notice of early total amortization of Senior Bonds CEDEVIS 08-2U in October 20th, 2021 for an amount of MXN 407 million. The issuance is rated at 'AAA' in local scale by S&P and Fitch**
- **Notice of partial early amortization of the DESCB 18 issuance (Dalton Efectivo Seguro ABS) on next October 21 for MXN 30.89 million. Currently, the bond has an outstanding amount of MXN 170 million and is rated 'AA (mex)' by Fitch Ratings and 'HR AAA' by HR Ratings**
- **Notice to bondholders of DOIXCB 15 / 15U issuances (Desarrolladora y Operadora de Infraestructura de Oaxaca FF) about the breach event of the Prevention and Social Readaptation (Contractor) contract due to non-payment, and informed about a period of 30 days to remedy its breach**

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	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
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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