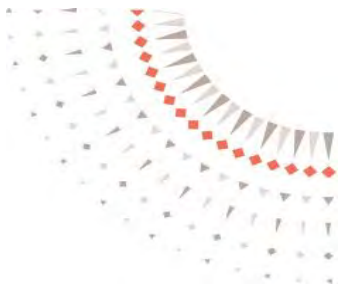


# Financial Markets Daily



September 11, 2020

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

- **Stock markets mixed, government bond yields higher and USD on the downside. Investors remain cautious as signs keep showing up that the pandemic continues affecting the global economy, while a relief bill in the US looks increasingly difficult to be approved prior to the election**
- **Following yesterday’s ECB decision and the appreciation of the euro in the aftermath, the institution’s chief economist, Philip Lane, warned that currency gains have impacted the outlook for inflation and even suggested that more stimulus may be needed as a result**
- **In Europe, tensions regarding Brexit negotiations are on the rise. UK Prime Minister Boris Johnson rebuffed a European Union request to set aside his plan to re-write the divorce agreement that had already been signed. This situation has increased the risk of a no trade deal scenario by the end of the year**
- **In the fiscal front, the probability of new stimulus in the US has fallen after the Senate blocked yesterday the Republican proposal of a package of around US\$500 billion, as expected by the market**
- **In Mexico, July’s industrial production stood at -11.3% y/y (Banorte: -11.6%, consensus: -12.9%). With seasonally adjusted figures, activity rebounded 6.9% m/m, led by the manufacturing sector (11.0%)**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
	European Union finance ministers gather for a two-day meeting				
2:00	GER Consumer prices - Aug (F)	% m/m	--	-0.2	-0.2
2:00	GER Consumer prices - Aug (F)	% y/y	--	-0.1	-0.1
2:00	UK Industrial production* - Jul	% m/m	--	4.2	9.3
<i>Mexico</i>					
7:00	Industrial production - Jul	% y/y	-11.6	-13.4	-16.7
7:00	Industrial production* - Jul	% m/m	6.6	5.0	17.9
7:00	Manufacturing output - Jul	% y/y	-10.4	-12.4	-16.5
<i>United States</i>					
8:30	Consumer prices* - Aug	% m/m	0.3	0.3	0.6
8:30	Ex. food & energy* - Aug	% m/m	0.2	0.2	0.6
8:30	Consumer prices - Aug	% y/y	0.2	1.2	1.0
8:30	Ex. food & energy - Aug	% y/y	1.6	1.6	1.6

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	3,362.50	0.7%
Euro Stoxx 50	3,314.22	0.0%
Nikkei 225	23,406.49	0.7%
Shanghai Composite	3,260.35	0.8%
<i>Currencies</i>		
USD/MXN	21.32	-0.6%
EUR/USD	1.18	0.3%
DXY	93.18	-0.2%
<i>Commodities</i>		
WTI	37.29	0.0%
Brent	39.93	-0.3%
Gold	1,944.86	-0.1%
Copper	303.10	1.5%
<i>Sovereign bonds</i>		
10-year Treasury	0.69	1pb

Source: Bloomberg

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### Equities

- **We conclude the week with mixed movements in stock markets. Investors seem cautious among valuations that might seem too stretched, while concerns around the effects of the pandemic over the global economy continue arising**
- **Futures in the US anticipate a positive opening, with the S&P500 trading 0.7% above its theoretical value, rebounding from yesterday’s technology stocks selloff, and attention on CPI to be published**
- **In Asia, markets closed with widespread gains, while Europe trades with falls. Investors continue nervous among the Brexit outcome, and are cautious among the risks surrounding the recovery. Banks and travel sectors lead the drops. In Mexico, the Mexbol Index continues without clear catalysts, so it might keep consolidating around 36,000 and 36,500 pts**

### Sovereign fixed income, currencies and commodities

- **Mixed movements in sovereign bonds with an adjustment of -2bps in European securities, while US Treasuries register a 2bps sell-off in the long-end of the yield. In Mexico, the Mbonos' curve closed yesterday with a 1bp rally in mid-term securities with 10-year benchmark closing at 5.74%**
- **USD weakens (BBDXY -0.3%) amid a positive performance in G10 currencies with NOK leading gains (+0.7%). In EM, bias is mixed with ZAR as the strongest (+0.9%), while MXN trades at 21.33 per dollar (+0.5%) after a 0.4% depreciation yesterday**
- **Crude-oil approach a negative weekly close (-6.0%) scoring two negative weeks in a row due to a greater than expected increase in US inventories. In metals, gold adjusts +0.1% to 1,947 \$/oz t, while industrials print a positive balance**

### Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	27,534.58	-1.5%
S&P 500	3,339.19	-1.8%
Nasdaq	10,919.59	-2.0%
IPC	36,180.74	0.1%
Ibovespa	98,834.60	-2.4%
Euro Stoxx 50	3,312.77	-0.4%
FTSE 100	6,003.32	-0.2%
CAC 40	5,023.93	-0.4%
DAX	13,208.89	-0.2%
Nikkei 225	23,235.47	0.9%
Hang Seng	24,313.54	-0.6%
Shanghai Composite	3,234.82	-0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	0.14	-1pb
10-year Treasuries	0.68	-2pb
28-day Cetes	4.42	1pb
28-day TIEE	4.75	0pb
2-year Mbono	4.62	0pb
10-year Mbono	5.98	-2pb
<i>Currencies</i>		
USD/MXN	21.44	0.4%
EUR/USD	1.18	0.1%
GBP/USD	1.28	-1.5%
DXY	93.34	0.1%
<i>Commodities</i>		
WTI	37.30	-2.0%
Brent	40.06	-1.8%
Mexican mix	35.66	-1.5%
Gold	1,946.09	0.0%
Copper	299.85	-1.7%

Source: Bloomberg

### Corporate Debt

- **Fitch Ratings ratified the national scale long- and short-term ratings for Banco Multiva and Casa de Bolsa Multiva at 'A(mex)' and 'F1(mex)', respectively. The Outlook is Negative**
- **S&P Global Ratings ratified the rating for JOLLYCB 17 at 'mxAA- (sf)', backed by an automotive and equipment lease portfolio originated and managed by Jolly Haul. At the same time, the agency removed the rating from the Negative CreditWatch list where it was placed on June 18, 2020**
- **S&P Global Ratings affirmed the rating for VANRECB 18 at 'mxAA (sf)'. The transaction is supported by a portfolio of automotive and miscellaneous equipment leases, originated and managed by Vanrenta. At the same time, the agency removed the rating from the Negative CreditWatch list, where it was placed on June 18, 2020**

## Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Tania Abdul Massih Jacobo, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Valentín III Mendoza Balderas, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo, Eridani Ruibal Ortega, 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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## Guide for investment recommendations.

	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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