

Financial Markets Daily

Main drivers for the financial markets today...

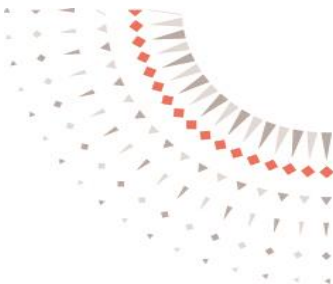
- Stock markets mixed, government bond yields up and USD lower on concerns about new cases of COVID-19 in Europe, albeit partially offset by M&A news and further development of treatments and vaccines against the virus
- Today is Quadruple Witching Day and the local leading index (IPC) resampling and rebalancing, which will bolster trading volumes and volatility in the stock market. In the economic agenda, we highlight only the University of Michigan confidence indicator for September
- In the fiscal front, issues for the approval of a new package in the US remain high. Yesterday, president Trump said that he would support limited measures to help airlines, which are planning sizable job cuts as a federal prohibition that prevents them of doing so expires by the end of the month. Nevertheless, the speaker of the House, Nancy Pelosi, keeps opposing piecemeal legislation on stimulus
- The president of the European Commission, Ursula von der Leyen, affirmed that a Brexit deal is still possible, while the UK government said that informal talks held this week have been useful. Although some progress has been made, differences on several topics remain wide. Among the potential consequences, these tensions have fueled speculation that the BoE could announce negative interest rates in the near future
- In economic data, August’s retail sales in the UK –excluding auto fuel– grew 0.6% m/m, its fourth consecutive month up. Although this print was above expectations, cautiousness is still high in the country and the region given the increase in new COVID-19 cases and more restrictions in some social distancing measures

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	Current account* - Jul	EURmn	--	--	20.7
United States					
10:00	U. of Michigan Confidence* - Sep (P)	index	74.0	75.0	74.1
10:00	Fed's Bullard Discusses the Covid Recovery Challenge				

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.
Equity indices		
S&P 500 Futures	3,351.75	0.0%
Euro Stoxx 50	3,316.28	0.0%
Nikkei 225	23,360.30	0.2%
Shanghai Composite	3,338.09	2.1%
Currencies		
USD/MXN	20.90	0.1%
EUR/USD	1.18	-0.1%
DXY	92.96	0.0%
Commodities		
WTI	40.41	-1.4%
Brent	42.63	-1.5%
Gold	1,948.38	0.2%
Copper	306.60	0.0%
Sovereign bonds		
10-year Treasury	0.67	-2pb

Source: Bloomberg
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Equities

- This week concludes with mixed stock markets, as news on the M&A front have taken the spotlight today, following CaixaBank's agreement to acquire Bankia for €3,800 million in order to become Spain's largest bank. Furthermore, the London Stock Exchange said it is in exclusive talks with Euronext for selling Borsa Italiana, while Ericsson purchased CradlePoint
- In this context, US futures are set for a mixed opening, awaiting for a session with exacerbated volume and volatility on the back of Quadruple Witching. Meanwhile, in Europe, the Stoxx is flat as M&A news and developments on vaccines and drugs against coronavirus offset drops in the travel sector
- In Mexico, trading volume will also surge due to Mexbol's resampling and rebalancing that will be effective as of next Monday

Sovereign fixed income, currencies and commodities

- Modest gains, but positive widespread tone in sovereign global bonds with Asia/Pacific gaining ~2bps, while European securities strengthen 1-2bps. In the time, US Treasuries gain 2bps, on average, with a slightly stronger performance in long-term tenors
- The USD heads for a 0.5% weekly loss in the DXY and of 0.7% in the BBDXY, holding a negative tone this Friday with G10 currencies mixed, but a positive bias in EM. The Mexican peso depreciates 0.1% to 20.90 per dollar, adding a 2% weekly gain
- Negative US crude futures, although holding a relevant weekly surge of close to 9%, backed by USD weakening, US stocks withdrawal, and OPEC+ commitment on planned cuts. Metals positive in industrials and precious with gold advancing 0.5%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	27,901.98	-0.5%
S&P 500	3,357.01	-0.8%
Nasdaq	10,910.28	-1.3%
IPC	36,130.92	-1.6%
Ibovespa	100,097.80	0.4%
Euro Stoxx 50	3,316.57	-0.7%
FTSE 100	6,049.92	-0.5%
CAC 40	5,039.50	-0.7%
DAX	13,208.12	-0.4%
Nikkei 225	23,319.37	-0.7%
Hang Seng	24,340.85	-1.6%
Shanghai Composite	3,270.44	-0.4%
Sovereign bonds		
2-year Treasuries	0.14	0pb
10-year Treasuries	0.69	-1pb
28-day Cetes	4.40	-4pb
28-day TIE	4.74	0pb
2-year Mbono	4.54	-1pb
10-year Mbono	5.88	0pb
Currencies		
USD/MXN	20.87	-0.4%
EUR/USD	1.18	0.3%
GBP/USD	1.30	0.0%
DXY	92.97	-0.3%
Commodities		
WTI	40.97	2.0%
Brent	43.30	2.6%
Mexican mix	38.76	3.9%
Gold	1,944.44	-0.8%
Copper	307.10	0.3%

Source: Bloomberg

Corporate Debt

- Notice of total early amortization for unsecured note FINBE 17 on September 24th for MXN2.0 billion, with the resources received from two long-term unsecured notes to be issued on the same date, FINBE 20 / 20-2
- Moody's affirmed Minsa's ratings at 'Ba3/Baa1.mx' and changed the outlook to Negative from Stable reflecting the agency's expectation that Minsa's leverage will remain above 3.0x in the next 12-18 months
- HR Ratings affirmed the ratings for Fundación Dondé at 'HR AA+' with a Stable outlook and the short-term rating at 'HR1'; also, the agency assigned the 'HR AA+' rating to proposed unsecured notes DONDE 20 / 20-2

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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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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