

Financial Markets Daily

Main drivers for the financial markets today...

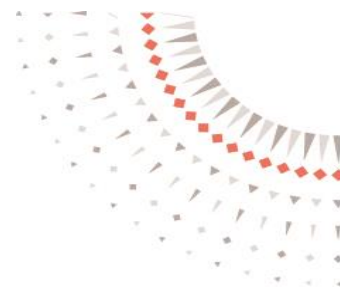
- Markets with little changes overall, albeit with a positive bias, while the USD shows a slight appreciation due to the continuation of cheap-stock buying after strong adjustments last week. Nevertheless, caution persists after the rise of COVID-19 cases in some regions, with some instances of quarantines being reimposed
- Attention during the day will center on the testimony of Fed Chairman Jerome Powell and Treasury Secretary Steven Mnuchin before the House Financial Services Committee on advances on the CARES act. According to prepared remarks, Powell will explain the need to fully use the tools at their disposal in an uncertain environment, while Mnuchin will elaborate on the impasse regarding the new stimulus package
- On news over the virus, the UK will broaden its social distancing measures, this after an increase in daily deaths. On the contrary, the number of cases in India and South Korea have shown a deceleration after recent increases. On the vaccine, the one being developed by Pfizer and BioNtech could start delivering results as soon as next week
- Regarding economic data, in the US existing home sales for August will be published, along the participation of Evans (Chicago), Barkin (Fed Governor), and Bostic (Atlanta). In the Eurozone we will be looking into consumer confidence for September
- On monetary policy, the Riksbank maintained their rate at 0.0%, continuing with asset purchases at the same pace. In addition, they mentioned that they will leave rates at this level at least until 3Q23. Meanwhile, in Brazil, the minutes reaffirmed the tone of the last policy statement, signaling that the easing cycle seems to be over

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
7:00	COPOM minutes				
United States					
10:00	Existing home sales** - Aug	millions	--	6.0	5.9
10:00	Fed's Evans Discusses the U.S. Economy and Monetary Policy				
10:30	Powell, Mnuchin Appear Before House Financial Services Panel				
Eurozone					
10:00	Consumer confidence* - Sep	index	--	-14.6	-14.7
10:00	International reserves - Sep 18	US\$bn	--	--	193.3
Mexico					
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 10-year Mbono (May'29) and 5-year Bondes D				
15:30	Survey of expectations (Citibanamex)				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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Gabriel Casillas

Chief Economist, Head of Research and IRO
gabriel.casillas@banorte.com

Alejandro Padilla

Executive Director of Economic Research and Financial Market Strategy
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA

Director of Economic Research
juan.alderete.macal@banorte.com

Manuel Jiménez

Director of Market Strategy
manuel.jimenez@banorte.com



www.banorte.com



@ analisis_fundam

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	3,274.50	0.0%
Euro Stoxx 50	3,180.22	0.6%
Nikkei 225	23,360.30	0.0%
Shanghai Composite	3,274.30	-1.3%
Currencies		
USD/MXN	21.46	0.5%
EUR/USD	1.17	-0.3%
DX	93.72	0.1%
Commodities		
WTI	39.35	0.1%
Brent	41.49	0.1%
Gold	1,907.67	-0.3%
Copper	307.60	1.5%
Sovereign bonds		
10-year Treasury	0.67	0pb

Source: Bloomberg

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Equities

- Mixed movements in equity markets, with positive bias, due to cheap-stock buying after the falls registered in previous sessions, but there is also uncertainty due to news of coronavirus outbreaks that could lead some countries to implement confinement measures again, with the consequent impact on their economies
- In Asia, the markets closed negative. In Japan there were no operation due holiday. In Europe stocks advance, the Euro Stoxx adds 0.6%. Shares from non-cyclical consumer and energy sectors lead gains. In turn, in the US the futures of main indices point to a to a higher open by rising 0.1%, on average
- In Mexico, Volaris pointed out that, at an Assembly held on September 18, the use of one or more financing options for up to \$3.5 billion was approved to strengthen its capital structure, which was expected by the market

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds after yesterday's safe haven rally, registering most European rates pressure ~2bps, while Asia closed marking a 2bps gain. Treasuries adjust 1bp and yesterday the Mbonos' curve pressured by 4bps
- The USD trades stable after initial gains in the session following a sharp appreciation yesterday. Bias is mixed in developed and emerging currencies, with the latter highlighting gains in ZAR of 1.2% and with the USD/MXN depreciating 0.5% to 21.46 after a 1% sell-off yesterday
- Crude oil recovers with gains of ~1% after a 4% sell-off yesterday in main benchmarks, its stronger adjustment in about two weeks, despite new concerns on demand weakening due to the pandemic. Libyan reincorporation has also weighted in recent price action. Mixed metals with industrials positive and precious down

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	27,147.70	-1.8%
S&P 500	3,281.06	-1.2%
Nasdaq	10,778.80	-0.1%
IPC	35,517.77	-1.4%
Ibovespa	96,990.70	-1.3%
Euro Stoxx 50	3,160.95	-3.7%
FTSE 100	5,804.29	-3.4%
CAC 40	4,792.04	-3.7%
DAX	12,542.44	-4.4%
Nikkei 225	23,360.30	0.0%
Hang Seng	23,950.69	-2.1%
Shanghai Composite	3,316.94	-0.6%
Sovereign bonds		
2-year Treasuries	0.14	0pb
10-year Treasuries	0.67	-3pb
28-day Cetes	4.37	-1pb
28-day TIE	4.73	0pb
2-year Mbono	4.57	2pb
10-year Mbono	5.95	4pb
Currencies		
USD/MXN	21.34	1.0%
EUR/USD	1.18	-0.6%
GBP/USD	1.28	-0.8%
DXY	93.66	0.8%
Commodities		
WTI	39.31	-4.4%
Brent	41.44	-4.0%
Mexican mix	37.26	-4.4%
Gold	1,912.51	-2.0%
Copper	303.20	-2.7%

Source: Bloomberg

Corporate Debt

- Today, the auction for an unsecured note from Financiera Bepensa, FINBE 20, is expected for an amount of up to MXN 2.5 billion. It's worth mentioning that proceeds from the issuance will be used for the previously announced early redemption of unsecured note FINBE 17 on September 24th
- Notice of partial amortization for Exitus Capital's ABS, EXITCB 17, on September 28th for MXN 30.36 million
- Notice of partial early redemption form Firma Car's ABS, FIRMACB 18, on September 28th for MXN 5.87 million

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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Market Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
--------------------------------	-----------------------------	----------------------------------------------------------------------------	------------------

Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Senior Strategist, Equity	valentin.mendoza@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x 2755
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Tania Abdul Massih Jacobo	Director of Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454