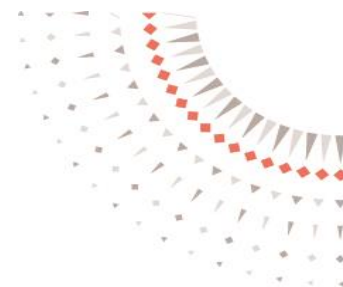


# Financial Markets Daily



September 24, 2020

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

- Negative stock markets and government bond yields, after several members of the Fed warned of the need for more fiscal stimulus to maintain the economic recovery and in the face of the spike in the number of contagions, which has increased the possibility of another round of closures. The dollar operates at a profit, as investors seek safe haven assets
- Meanwhile, President Trump refused to commit to a peaceful transfer of power if the election result favors the Democratic candidate in November, criticizing the legitimacy of mail-in voting
- As for economic figures, in the US there will be special attention to initial jobless claims in the week ending on September 19. Consensus estimates levels similar to the previous week (860 thousand) at 840 thousand. Powell and Mnuchin will testify before the Senate Banking Committee. On the Fed agenda, Bullard and Evans participations are expected
- In Germany the IFO survey (business climate) was released above expectations at 93.4pts. Meanwhile, in Brazil the quarterly inflation report is expected
- In Mexico, INEGI published inflation for 1H- September at +0.16% 2w/2w, above estimates. The core component rose 0.17% 2w/2w. Therefore, the annual comparison for the headline index came in at 4.10% with the core at 3.99%. On the monetary policy front, we estimate Banxico will announce a 25bp cut in the reference rate, placing it at 4.25%

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Germany</b>					
4:00	IFO Survey (business climate)* - Sep	index	--	93.8	92.6
<b>Mexico</b>					
7:00	Consumer prices - Sep 15	% 2w/2w	0.11	0.11	0.17
7:00	Core	% 2w/2w	0.16	0.18	0.18
7:00	Consumer prices - Sep 15	% y/y	4.04	4.04	4.11
14:00	Monetary policy decision (Banxico)	%	4.25	4.25	4.50
<b>Brazil</b>					
7:00	Quarterly inflation report				
<b>United States</b>					
8:30	Initial jobless claims*- Sep 19	thousands	--	840	860
10:00	New home sales**- Aug	thousands	--	891	901
10:00	Powell, Mnuchin Testify Before Senate Banking Committee				
12:00	Fed's Bullard Discusses Economy and Monetary Policy				
13:00	Fed's Evans Discusses the U.S. Economy and Monetary Policy				

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.
<b>Equity indices</b>		
S&P 500 Futures	3,227.25	-0.1%
Euro Stoxx 50	3,173.11	-0.2%
Nikkei 225	23,087.82	-1.1%
Shanghai Composite	3,223.18	-1.7%
<b>Currencies</b>		
USD/MXN	22.40	0.0%
EUR/USD	1.16	-0.1%
DX	94.48	0.1%
<b>Commodities</b>		
WTI	39.96	0.1%
Brent	41.81	0.1%
Gold	1,859.24	-0.2%
Copper	295.10	-1.4%
<b>Sovereign bonds</b>		
10-year Treasury	0.67	0pb

Source: Bloomberg

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## Equities

- Negative movements in stock markets, where risk aversion among investors and asset sell-offs prevail, following comments from the Fed on the need for greater fiscal stimulus to sustain the recovery. The sentiment is exacerbated by concerns of a second round of lockdowns, given the rising cases of Covid-19
- In this sense, US futures without a clear trend, while the S&P 500 shows little change, after yesterday's drop of more than 2%. Meanwhile, stock markets in Asia closed negative. A 2.6% fall in the Kospi stands out, caused by tensions on the Korean peninsula. European exchanges, on the other hand, are trading with losses; the Eurostoxx shows few changes, where the appetite for Real Estate shares is offset by those of Technology
- In Mexico, the Mexbol could trade at around 35,800 points, while the lack of clear catalysts continues

## Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds, the main European securities trade with gains of 1-2bps while the U.S. Treasuries post gains of ~1bp mainly in long-term tenors. In Mexico, the Mbonos yield curve closed yesterday with gains of 1bp in the short-end and pressures of 2bps on average in medium- and long-term tenors
- The USD trades at a slim gain (DXY +0.1%) amid negative performance for G10 currencies, except GBP (+0.3%). In the EM group the performance is mixed, ZAR appreciates 0.6% while KRW (-0.7%) leads the losses. USD/MXN appreciates 0.3% to 22.32 per dollar after losing 3.2% yesterday
- Oil futures advance 0.3% despite warnings about global economic recovery. In metals, gold declines 0.3% to 1,857 US\$/oz t while performance in industrials is negative

## Corporate Debt

- Grupo Aeroméxico informed that the United States Court for the Southern District of New York approved the agreement reached by the Company with the Bondholders of AEROMEX 01119 / 01219 / 00120 / 00220 issues, of the Aeroméxico Short-Term program
- The agreement consists to give a waiver from carrying out with the collection during a period of 12 months, beginning on August 6, 2020 and until the first between (i) the expiration of the 12-month period (August 6 2021), and (ii) the date of approval, and taking effect, of the restructuring plan to be presented by Aeroméxico to the Court
- Deutsche Bank (Common Rep.) informed the notice of a partial early mandatory amortization of the PAMMCB 14U issuance for MXN 175 million on September 30

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	26,763.13	-1.9%
S&P 500	3,236.92	-2.4%
Nasdaq	10,632.99	-3.0%
IPC	35,829.58	-0.1%
Ibovespa	95,734.80	-1.6%
Euro Stoxx 50	3,180.11	0.5%
FTSE 100	5,899.26	1.2%
CAC 40	4,802.26	0.6%
DAX	12,642.97	0.4%
Nikkei 225	23,346.49	-0.1%
Hang Seng	23,742.51	0.1%
Shanghai Composite	3,279.71	0.2%
<b>Sovereign bonds</b>		
2-year Treasuries	0.14	0pb
10-year Treasuries	0.67	0pb
28-day Cetes	4.26	1pb
28-day TIE	4.73	0pb
2-year Mbono	4.55	0pb
10-year Mbono	5.99	4pb
<b>Currencies</b>		
USD/MXN	22.40	3.2%
EUR/USD	1.17	-0.4%
GBP/USD	1.27	-0.1%
DXY	94.39	0.4%
<b>Commodities</b>		
WTI	39.93	0.8%
Brent	41.77	0.1%
Mexican mix	37.58	0.4%
Gold	1,863.34	-1.9%
Copper	299.30	-2.2%

Source: Bloomberg

## 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 Thalia 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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Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

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The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## 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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