

Financial Markets Daily

September 29, 2020

Main drivers for the financial markets today...

- **Stock markets mixed with a negative bias, while government bond yields and the USD trade lower, as yesterday's risk-on mood takes a pause amid US political uncertainty and a renewed wave of lockdowns measures**
- **Investors' focus will be on the first presidential debate between president Trump and Joe Biden, at 9:00pm (ET). Moreover, US data includes the trade balance, the S&P CoreLogic housing price index and consumer confidence. China will release PMI indicators for September. Several Fed members will speak throughout the trading session, including Williams, Harker, Clarida and Quarles**
- **House Democrats presented a new stimulus proposal for US\$2.2 trillion, which they seek to negotiate. The amount is lower than the last initiative approved by them (US\$3.4 trillion), although still higher than the one desired by the Republican Party, with President Trump saying recently that he would be comfortable with a plan of around US\$1.5 trillion**
- **Economic confidence in the Eurozone improved for a fifth month in a row in September, from 87.5pts to 91.1pts, despite the recent rebound in new cases of COVID-19 that has led to a pause in the economic reopening**

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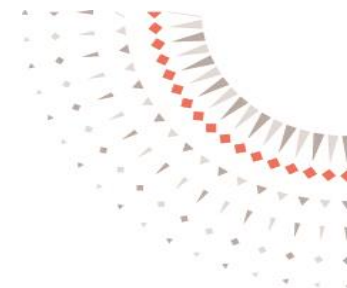
The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and Germany					
5:00	Economic confidence* - Sep	index	--	89.0	87.7
5:00	Consumer confidence* - Sep (F)	index	--	--	-13.9
8:00	Ger Consumer prices - Sep (P)	% y/y	--	-0.1	-0.1
United States					
8:25	Fed's Williams Discusses Labor Countdown				
8:30	Trade balance* - Aug	US\$bn	--	-81.8	-79.3
9:00	S&P/CoreLogic housing prices - Jul	% y/y	--	3.6	3.5
9:15	Fed's Williams Speaks at U.S. Treasury Market Conference				
9:30	Fed's Harker Discusses Machine Learning				
10:00	Consumer confidence* - Sep	index	88.0	89.8	84.8
13:00	Fed's Williams Takes Part in a Fireside Chat at Fisher Center				
22:00	First presidential debate between Donald Trump and Joe Biden				
Mexico					
10:00	International reserves - Sep 25	US\$bn	--	--	193.8
12:30	Gover. weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'26) and 10-year Udibono (Nov'28)				
China					
21:00	Manufacturing PMI* - Sep	index	--	51.3	51.0
21:00	Non-manufacturing PMI* - Sep	index	--	54.6	55.2
21:00	Composite PMI* - Sep	index	--	--	54.5
21:45	Manufacturing PMI (Caixin)* - Sep	index	--	53.1	53.1

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	3,338.00	-0.2%
Euro Stoxx 50	3,216.26	-0.2%
Nikkei 225	23,539.10	0.1%
Shanghai Composite	3,224.36	0.2%
Currencies		
USD/MXN	22.26	-0.7%
EUR/USD	1.17	0.3%
DXY	94.06	-0.2%
Commodities		
WTI	40.25	-0.9%
Brent	42.16	-0.6%
Gold	1,883.97	0.1%
Copper	297.05	-0.7%
Sovereign bonds		
10-year Treasury	0.65	-1pb

Source: Bloomberg

Equities

- Mixed movements in equity markets, with negative bias after yesterday's rally, as investors are cautious due to an increase in the number of COVID-19 infections, which renews concerns about the closure of some economies in the world, as well as the US political uncertainty with the first presidential debate today. On the other hand, markets evaluate a US\$2.2 trillion stimulus package proposal in the US
- In Asia, the markets closed mixed. In Europe, most markets decline, the Euro Stoxx sheds 0.2%. Shares from companies in the energy and financial sectors are those leading the losses. In turn, in the US the futures of main indices point to a lower open by falling 0.2%, on average
- In Mexico, the Mexbol may stand below the 37,200 pts

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds with gains of 1-2bps in European securities and stable performance in US Treasuries with a negative bias. Yesterday the Mbonos' curve started the week steepening and averaging a 4bps sell-off
- Negative USD with G10 and EM FX recovery, with only JPY slightly negative in the former and PLN leading the gains in the latter. The USD/MXN appreciates 0.7% to 22.26 after two negative sessions in a row and the sharp sell-off last week of 5.4%
- Crude oil futures find a session with negative movements with the market assimilating weak demand conditions and ahead of inventory data in the US. The metals' space registers gains in precious leaded by silver, while industrials are mixed with copper down

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	27,584.06	1.5%
S&P 500	3,351.60	1.6%
Nasdaq	11,117.53	1.9%
IPC	37,231.50	1.8%
Ibovespa	94,666.40	-2.4%
Euro Stoxx 50	3,223.19	2.7%
FTSE 100	5,927.93	1.5%
CAC 40	4,843.27	2.4%
DAX	12,870.87	3.2%
Nikkei 225	23,511.62	1.3%
Hang Seng	23,476.05	1.0%
Shanghai Composite	3,217.54	-0.1%
Sovereign bonds		
2-year Treasuries	0.13	0pb
10-year Treasuries	0.65	0pb
28-day Cetes	4.24	0pb
28-day TIIE	4.55	-1pb
2-year Mbono	4.50	0pb
10-year Mbono	6.01	5pb
Currencies		
USD/MXN	22.42	0.4%
EUR/USD	1.17	0.3%
GBP/USD	1.28	0.7%
DXY	94.28	-0.4%
Commodities		
WTI	40.60	0.9%
Brent	42.43	1.2%
Mexican mix	38.15	0.8%
Gold	1,881.48	1.1%
Copper	299.00	0.6%

Source: Bloomberg

Corporate Debt

- S&P Global Ratings upgraded Grupo Radio Centro's national scale long-term rating to 'mxCCC+' from 'mxCCC' and removed them from the Negative CreditWatch; Outlook is Stable. According to the agency, the stothe upgrade considers its opinion that after restructuring the note's amortizations, guarantees and terms, the company will not face significant debt maturities until December 2021
- Fitch Ratings ratified the national scale long-term ratings of issuances ENCAPB 18 / 18-2 at 'AAA(mex)vra' with Stable Outlook and removed the Negative Watch
- Fitch Ratings maintains 'AA+(mex)vra' ratings for IPORCB 19 / 19U issuances on Negative Watch

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