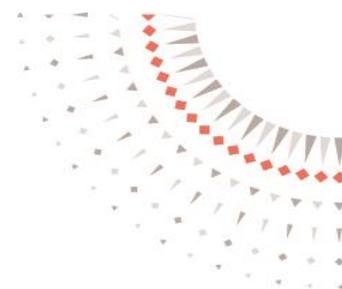


Financial Markets Daily



October 2, 2020

Main drivers for the financial markets today...

- **Stock markets negative, with government bond yields lower and the USD strengthening after news that President Trump tested positive for COVID-19, adding uncertainty to the electoral process in the US**
- **Specifically, the positive result from Trump and the First Lady was produced after the report that one of his advisors, Hope Hicks, got infected. It is believed that the contagion occurred during the trip to Cleveland for the debate**
- **Yesterday, the House of Representatives approved a new fiscal stimulus package of US\$2.2 trillion. Nevertheless, it is not expected to go forward in the Senate, with opposition from Republicans looking for lower stimulus. Despite of this, negotiations between the Speaker of the House, Nancy Pelosi, and Treasury Secretary, Steven Mnuchin, continue**
- **On economic data, in the US attention will center on the employment report for September, in which we expect +900 thousand jobs, with the unemployment rate decreasing to 8.1%. Other publications include confidence from the University of Michigan and durable goods orders. Moreover, we will be looking into speeches from Harker (Philadelphia) and Kashkari (Minneapolis)**
- **In the Eurozone, September's inflation came in lower than expected at -0.3% y/y, while the core component extended its deceleration to +0.2% y/y, a new historical low. This puts some pressure on the ECB to further extend stimulus measures**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
5:00	Consumer prices - Sep (P)	% y/y	--	-0.2	-0.2
5:00	Core - Sep (P)	% y/y	--	0.4	0.4
Brazil					
8:00	Industrial production - Aug	% y/y	--	-1.7	-3.0
8:00	Industrial production* - Aug	% m/m	--	3.5	8.0
United States					
8:30	Nonfarm payrolls* - Sep	thousands	900	850	1371
8:30	Unemployment rate* - Sep	%	8.1	8.2	8.4
9:00	Fed's Harker Discusses an Inclusive Workforce Recovery				
10:00	U. of Michigan confidence* - Sep (F)	index	78.9	78.9	78.9
10:00	Factory orders* - Aug	% m/m	--	1.0	6.4
10:00	Ex transportation* - Aug	% m/m	--	--	2.1
10:00	Durable goods orders* - Aug (F)	% m/m	--	--	0.4
10:00	Ex transportation* - Aug (F)	% m/m	--	--	0.4

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	3,314.50	-1.6%
Euro Stoxx 50	3,159.79	-1.1%
Nikkei 225	23,029.90	-0.7%
Shanghai Composite	3,218.05	0.0%
Currencies		
USD/MXN	21.93	0.5%
EUR/USD	1.17	-0.2%
DXY	93.79	0.1%
Commodities		
WTI	37.42	-3.4%
Brent	39.57	-3.3%
Gold	1,908.95	0.2%
Copper	290.65	1.4%
Sovereign bonds		
10-year Treasury	0.66	-2pb

Source: Bloomberg

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Equities

- We conclude the week with important drops in stock markets, after President Trump and his wife tested positive for COVID-19, adding uncertainty to the presidential election process, with a rise in infections, and with low chances of higher fiscal stimulus
- As such, futures in the US anticipate a negative opening, with the S&P500 trading 1.6% below its theoretical value, and with eyes on employment figures to be released
- In Asia, China and Hong Kong remain closed for Holiday, while in Japan the Nikkei closed with a 0.7% drop, after resuming operations from yesterday's technology problems. Europe with widespread losses, reflecting the aversion risk sentiment and while mining stocks show important falls after some companies such as Centamin, cut its production forecasts

Sovereign fixed income, currencies and commodities

- Modest strengthening in sovereign bonds with gains of 1-2bps in Europe, while in the US the curve flattens with a 2bps rally in the long-end. Yesterday Mbonos gained 1-2bps in the short-end, but longer tenors sold-off 2bps
- The USD limits losses of the last 4 sessions but head for a -0.8% weekly adjustment for the DXY, amid widespread pressures in G10 currencies including GBP and JPY, also with a negative balance in EM. The USD/MXN depreciates 0.6% to 21.96, after a 0.6% rally yesterday
- The global backdrop continues to express in losses for crude-oil futures with Brent and WTI scoring two consecutive sessions with losses greater than 3%. In metals, balance in industrials is negative and in precious gold and silver gain modestly despite the USD pick-up

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	27,816.90	0.1%
S&P 500	3,380.80	0.5%
Nasdaq	11,326.51	1.4%
IPC	36,626.11	-2.2%
Ibovespa	95,478.50	0.9%
Euro Stoxx 50	3,194.09	0.0%
FTSE 100	5,879.45	0.2%
CAC 40	4,824.04	0.4%
DAX	12,730.77	-0.2%
Nikkei 225	23,185.12	0.0%
Hang Seng	23,459.05	0.0%
Shanghai Composite	3,218.05	0.0%
Sovereign bonds		
2-year Treasuries	0.13	0pb
10-year Treasuries	0.68	-1pb
28-day Cetes	4.27	0pb
28-day TIE	4.55	0pb
2-year Mbono	4.53	-1pb
10-year Mbono	6.13	1pb
Currencies		
USD/MXN	21.83	-1.3%
EUR/USD	1.17	0.2%
GBP/USD	1.29	-0.2%
DXY	93.71	-0.2%
Commodities		
WTI	38.72	-3.7%
Brent	40.93	0.0%
Mexican mix	35.94	-3.2%
Gold	1,906.01	1.1%
Copper	286.55	-5.5%

Source: Bloomberg

Corporate Debt

- Vinte informed the increase of MXN 200 million of its current long-term credit line with IDB Invest; resources obtained shall be destined to finance the development of sustainable communities
- Fitch Ratings upgraded the rating for the State of Veracruz to 'BBB+(mex)' from 'BBB(mex)'. The Outlook was revised to Stable from Positive
- Fitch Ratings upgraded the rating of issuance MXMACCB 04U to 'C(mex)vra' from 'D(mex)vra'
- HR Ratings downgraded the rating of issuance SIPYTCB 13 to 'HR BB+ (E)' from 'HR A+ (E)', and maintained the Negative Watch status
- Bondholder's Meeting Resolutions of issuances GFAMSA 06019 / 06719 / 07019 / 07319 held on September 29th

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
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
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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