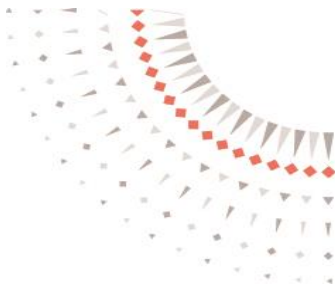


Financial Markets Daily



October 6, 2020

Main drivers for the financial markets today...

- **Mixed stock markets.** Asia and Europe continuing yesterday's positive sentiment due to Donald Trump's discharge from the hospital. However, the S&P futures and government bond yields are slightly lower with the dollar unchanged amid uncertainty about the US election and difficulties in reaching an agreement on a new fiscal stimulus package
- **In this context, hope remains that the leader of the House of Representatives, Nancy Pelosi and the Secretary of the Treasury, Steven Mnuchin will continue the talks today to reach an agreement on a new fiscal package.** Regarding the election process, the Trump campaign has said that the president will be ready for the debate with Joe Biden on October 15 after leaving the hospital yesterday
- **On the Fed's agenda, Jerome Powell will participate in the annual NABE meeting.** While there will also be interventions today from Patrick Harker (Philadelphia) and Raphael Bostic (Atlanta). Robert Kaplan (Dallas) will discuss the US and global economy with Bank of Mexico's Governor Alejandro Diaz de León
- **In Mexico, INEGI published the gross fixed investment for July, coming in at -21.2% y/y above the -24.1% of the previous month. In sequential terms, the advance was 4.4%, driven by a recovery in all sectors. In addition, private consumption for the same month was released, standing at -15.1% y/y (previously -18.2%). In the monthly comparison, the increase was 5.2% with a better performance in goods, both domestic and imported**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
7:00	Gross fixed investment - Jul	% y/y	-22.2	-19.6	-24.1
7:00	Gross fixed investment* - Jul	% m/m	3.0	--	20.1
7:00	Private consumption - Jul	% y/y	--	--	-18.3
7:00	Private consumption* - Jul	% m/m	--	--	5.5
10:00	International reserves - Oct 2	US\$bn	--	--	193.9
12:30	Gover. weekly auction: 1-12m CETES, 20y Mbono, 30y Udibono and 1, 3, and 5y Bondes D				
15:30	Survey of expectations (Citibanamex)				
United States					
8:30	Trade balance* - Aug	US\$bn	--	-66.4	-63.6
10:40	Fed Chair Powell Addresses NABE Conference in Chicago				
11:45	Fed's Harker Discusses Machine Learning				
14:00	Fed's Bostic to Speak to Leadership Florida				
18:00	Fed's Kaplan Takes Part in Talk with Bank of Mexico's Diaz				

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	3,394.25	0.0%
Euro Stoxx 50	3,233.87	0.4%
Nikkei 225	23,433.73	0.5%
Shanghai Composite	3,218.05	0.0%
Currencies		
USD/MXN	21.33	-0.3%
EUR/USD	1.18	0.1%
DXY	93.40	-0.1%
Commodities		
WTI	39.97	1.9%
Brent	42.03	1.8%
Gold	1,916.14	0.1%
Copper	297.10	0.3%
Sovereign bonds		
10-year Treasury	0.78	0pb

Source: Bloomberg

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Equities

- Mixed movements in equity markets, with positive bias, as investors react to the progress in Donald Trump's health and they are attentive to the negotiations on the fiscal stimulus package in the US and to the speech of Jerome Powell, Fed Chair, on the outlook for the economy. Some uncertainty remains regarding US election and the evolution of coronavirus
- In Asia, the markets closed positive. In China there were no operations due to holiday. In Europe most stocks advance, the Euro Stoxx adds 0.4%. In turn, in the US the futures of main indices trade mixed and are little changed
- Gap and Oma released its September passenger figures affected by COVID-19, although confirming a gradual recovery. The drop in Gap was 38.3% y/y (better than expected), while the reduction in Oma was 50.7% (slightly below estimates). On the other hand, Volaris continued to show a faster recovery (-27.8% y/y in passengers)

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds with Asian closes under pressure and losses of 1-2bps in Europe, while US Treasuries limit a sell-off yesterday of 6bps on average, with a 1bp gain today. The Mbonos curve started the week extending the recent steepening bias
- The USD trades stable with gains in G10 crosses led by CHF and JPY in ~0.2%, while in EM most currencies gain with USD/MXN at 21.33, equivalent to a 0.3% appreciation after strengthening yesterday 1.02%
- Crude oil positive after printing yesterday its strongest gain since May, supported by optimism on Trump's health along with strikes in Norway and possible effects of Huracan Delta in the US. API inventories and EIA STEO today. Metals space positive

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	28,148.64	1.7%
S&P 500	3,408.63	1.8%
Nasdaq	11,332.49	2.3%
IPC	36,740.33	0.3%
Ibovespa	96,089.20	2.2%
Euro Stoxx 50	3,220.22	0.9%
FTSE 100	5,942.94	0.7%
CAC 40	4,871.87	1.0%
DAX	12,828.31	1.1%
Nikkei 225	23,312.14	1.2%
Hang Seng	23,767.78	1.3%
Shanghai Composite	3,218.05	0.0%
Sovereign bonds		
2-year Treasuries	0.14	2pb
10-year Treasuries	0.78	8pb
28-day Cetes	4.28	1pb
28-day TIIE	4.54	0pb
2-year Mbono	4.52	-2pb
10-year Mbono	6.19	2pb
Currencies		
USD/MXN	21.40	-1.0%
EUR/USD	1.18	0.6%
GBP/USD	1.30	0.3%
DXY	93.51	-0.4%
Commodities		
WTI	39.22	5.9%
Brent	41.29	5.1%
Mexican mix	36.02	5.4%
Gold	1,913.53	0.7%
Copper	296.30	-0.5%

Source: Bloomberg

Corporate Debt

- Fitch Ratings affirmed the long-term ratings for issuance ACOSTCB 15 at 'AA(mex)vra' and at the same time assigned a Negative Outlook after removing it from the Negative Watch status. The agency believes that continued efforts to contain the pandemic and the resulting effects on the economy will continue to have an adverse impact over the next 12-18 months, a factor that is captured in the Negative outlook. However, short-term concerns regarding dramatic drops in collection levels and sudden use of reserves have diminished following the reopening of the discretionary consumption component in the securitized properties
- S&P Global Ratings affirmed the long- and short-term ratings for Grupo Aeroportuario del Centro Norte (OMA) at 'mxAAA' and 'mxA- 1+' after a change in shareholder's composition; the Outlook remains Stable

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, Juan Barbier Arizmendi, and Eridani Ruibal Ortega, 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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