

Financial Markets Daily

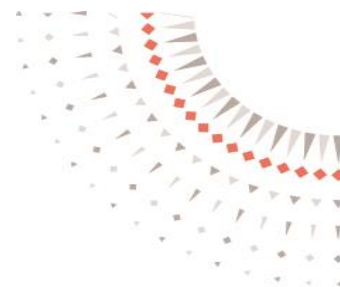
Main drivers for the financial markets today...

- Stock markets positive, with government bond yields up and the USD mixed, with investors assimilating comments from President Trump of approving some stimulus measures after he stated that he would halt negotiations with the Democrats
- Specifically, yesterday evening Trump mentioned that he would suspend talks in this front until after the election, even with Treasury Secretary Mnuchin notifying House Leader Pelosi of this fact. Nevertheless, and after an adverse market reaction, he announced that we would be willing to approve some measures for airlines and a new direct US\$1,200 payment to people, among others
- In news over the virus, the US FDA announced that they will require stricter measures in order to approve a vaccine, possibly resulting in an additional delay in its implementation. In this context, in New York some social distancing measures were reinstated after signs of a pick-up in cases
- In the US attention will center on the monetary policy front, highlighting the release of the latest FOMC minutes, as well as a packed schedule of Fed Speakers. In the political front we will be looking into the Vice-presidential debate between Kamala Harris (Democrat) and Mike Pence (Republican) at 9:00pm ET.
- In Mexico focus will center on progress from Hurricane Delta (currently category 3), expecting it to go over the Yucatán Peninsula during the day

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Industrial production* - Aug	% m/m	--	1.8	1.2
Mexico					
11:30	Extraordinary Cetes auction – 182, 294, 350 and 728 days				
United States					
13:00	Fed's Rosengren, Bostic, Kashkari Host Even on Racism and Econ				
14:00	FOMC Meeting Minutes				
14:00	Fed's Williams Moderates Henry Kissinger Discussion				
14:40	Fed's Kashkari, Bostic, Rosengren to Speak on Racism				
15:00	Fed's Williams Speaks on Flexible Average Inflation Targeting				
15:00	Consumer credit* - Aug	US\$bn	--	14.8	12.3
16:30	Fed's Evans Discusses the U.S. Economy and Monetary Policy				
21:00	Vice-Presidential Debate				
Peru					
19:00	Monetary policy decision (BCRP)	%	--	0.25	0.25
China					
21:45	Services PMI (Caixin)* - Sep	index	--	54.3	54.0
21:45	Composite PMI (Caixin)* - Sep	index	--	--	55.1

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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 Markets 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](https://twitter.com/analisis_fundam)

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	3,372.25	0.6%
Euro Stoxx 50	3,220.90	-0.4%
Nikkei 225	23,422.82	0.0%
Shanghai Composite	3,218.05	0.0%
Currencies		
USD/MXN	21.53	-0.9%
EUR/USD	1.18	0.3%
DX	93.71	0.0%
Commodities		
WTI	39.46	-3.0%
Brent	41.57	-2.5%
Gold	1,886.84	0.5%
Copper	297.15	0.3%
Sovereign bonds		
10-year Treasury	0.78	4pb

Source: Bloomberg

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Equities

- Stock markets are mixed, this Wednesday, as investors digest President Trump's call for a reduced group of stimulus
- That said, US futures are set for a positive opening. S&P500 futures trade 0.6% above their fair value, with Amazon and Apple up in the pre-market, regardless of the House panel proposal for reforming antitrust rules to curb tech giants' power. Meanwhile, in Europe, the Stoxx is down 0.3% mainly on the back of drops in the energy and financial sectors
- As for Asia, the trading session there ended mixed. The Nikkei retreated 0.1%, while the Hang Seng advanced 1.1%. On the other hand, Chinese markets remained closed due to National Day holidays

Sovereign fixed income, currencies and commodities

- Global bonds with widespread losses, registering pressures of 2bps in Europe and Treasuries adjusting +3bps. Yesterday the Mbonos' curve extended the steepening bias with pressures of 3bps, on average, from mid-term tenors onwards. Cetes' extraordinary auction from Banxico today
- USD stable with most G10 currencies strengthening only with JPY and GBP negative, while EM FX is experiencing a good performance, where the Mexican peso outperforms with a 1% appreciation to 21.53 per dollar, following a 1.6% sell-off yesterday
- Crude oil falls ~2% moderating two sessions of sharp losses pushed by the possible effects from Huracan Delta and strikes in Norway, ahead of EIA's inventories today with API forecasting a build. The metals' space holds mostly positive

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	27,772.76	-1.3%
S&P 500	3,360.95	-1.4%
Nasdaq	11,154.60	-1.6%
IPC	36,947.87	0.6%
Ibovespa	95,615.00	-0.5%
Euro Stoxx 50	3,233.30	0.4%
FTSE 100	5,949.94	0.1%
CAC 40	4,895.46	0.5%
DAX	12,906.02	0.6%
Nikkei 225	23,433.73	0.5%
Hang Seng	23,980.65	0.9%
Shanghai Composite	3,218.05	0.0%
Sovereign bonds		
2-year Treasuries	0.15	0pb
10-year Treasuries	0.74	-5pb
28-day Cetes	4.26	-2pb
28-day TIE	4.54	0pb
2-year Mbono	4.54	2pb
10-year Mbono	6.20	1pb
Currencies		
USD/MXN	21.73	1.5%
EUR/USD	1.17	-0.4%
GBP/USD	1.29	-0.8%
DXY	93.69	0.2%
Commodities		
WTI	40.67	3.7%
Brent	42.65	3.3%
Mexican mix	37.38	3.8%
Gold	1,878.18	-1.8%
Copper	296.35	0.0%

Source: Bloomberg

Corporate Debt

- HR Ratings ratified Grupo Vasconia's ratings and its VASCONI 19 issuance at 'HR A', modifying the outlook from Stable to Negative. According to the agency, the change in the outlook is due to a contraction both in total revenue and in the adjusted EBITDA of the Company, as a result, among other things, of the COVID-19 pandemic
- Fitch Ratings affirmed Mercader Financial's rating as Asset Manager at 'AAFC2 (mex)'
- A Bondholders' Meeting of PLANFCB 15 issuance (Planfía ABS) was summoned for October 16, 2020. The main point to be discussed will be, where appropriate, approval to adjust the Trust's balance of the funds and its accounts

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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	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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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 Markets 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
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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 Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
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
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454