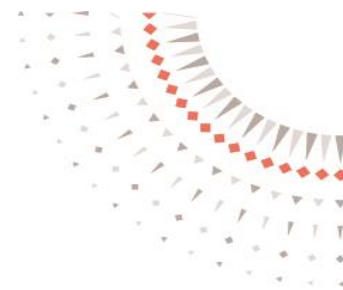


Financial Markets Daily



October 8, 2020

Main drivers for the financial markets today...

- Positive stock markets, negative government bond yields, while the dollar remains stable amid optimism for possible fiscal stimulus in the US, including an individual rescue package for airlines. Investors will be on the lookout for ECB minutes for guidance on more monetary stimulus
- In this context, despite the fact that President Trump said that talks on the new stimulus package had already ended, the leader of the House of Representatives, Nancy Pelosi and the Secretary of the Treasury, Steven Mnuchin announced that they continue with the negotiations
- In terms of economic figures, in the US jobless claims for the week ending on October 3 will be released. Consensus estimates them at 820k down from the previous 837k
- In the Eurozone, the release of the minutes of the last monetary policy meeting of the ECB is expected. Likewise, in Mexico, the focus will be on Banxico's last meeting minutes where we expect the tone to be very similar to what we saw in the statement, which we consider was less *dovish*
- INEGI published inflation for September, coming in at 0.23% m/m, with the core component at 0.32% m/m. With this, the annual comparison for the headline index stood at 4.01% (previous: 4.05%) while the core stood at 3.99% (previous: 3.97%)

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
2:00	GER Trade balance - Aug	EURbn	--	--	19.2
7:30	ECB Minutes				
Mexico					
7:00	Consumer prices - Sep	% m/m	0.27	0.27	0.39
7:00	Core - Sep	% m/m	0.32	0.31	0.32
7:00	Consumer prices - Sep	% y/y	4.05	4.05	4.05
10:00	Banxico's minutes				
Brazil					
8:00	Retail sales - Aug	% y/y	--	4.6	5.5
8:00	Retail sales* - Aug	% m/m	--	1.5	5.2
United States					
8:30	Initial jobless claims* - Oct 3	thousands	--	820	837
12:10	Fed's Rosengren to Speak at Virtual Event on Economic Recovery				

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	3,420.75	0.4%
Euro Stoxx 50	3,249.86	0.5%
Nikkei 225	23,647.07	1.0%
Shanghai Composite	3,218.05	0.0%
Currencies		
USD/MXN	21.42	-0.6%
EUR/USD	1.18	-0.1%
DX	93.68	0.0%
Commodities		
WTI	40.58	1.6%
Brent	42.73	1.8%
Gold	1,891.88	0.2%
Copper	301.35	-0.6%
Sovereign bonds		
10-year Treasury	0.77	-2pb

Source: Bloomberg

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Equities

- This Thursday, positive movements are observed in stock markets. Investors remain attentive, with some optimism, to the follow-up in the negotiations on certain stimulus measures in the US
- US futures point to a positive opening, with the S&P 500 trading 0.4% above its theoretical value, with Regeneron shares rising 4.9% in the pre-market after President Trump requested emergency clearance from the FDA for its Covid-19 treatment
- Meanwhile, in Asia the session concluded mostly positive. A 1.0% rise in the Nikkei stood out, while markets in China remained closed due to holidays. Europe, on the other hand, also traded with positive variations, with the Eurostoxx rising 0.5%, driven by the financial and health sector
- In Mexico, the Mexbol could trade above 37,400 points, following the sentiment of its international peers

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds with European assets gaining 2-3bps while the Treasuries curve gains 1-2bps, mainly in the long-term nodes. Yesterday, the Mbonos yield curve recorded a slight steepening, closing with gains of 2bps on short- and medium-term instruments and pressures of 2bps on long-term tenors
- The USD trades stable with mixed performance in G10 currencies, AUD (+0.3%) leads the upside. The EM group also trades with mixed movements, the RUB (+0.6%) leads the gains while the MXN is the second strongest, advancing 0.5% to 21.43 per Dollar, extending yesterday's appreciation
- Crude oil printing gains of 1.7% with investors awaiting the impact of Hurricane Delta. In metals, gold trades at 1,891 \$/oz t (+0.2%) and in industrials, copper stands out, gaining 2.3%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	28,303.46	1.9%
S&P 500	3,419.45	1.7%
Nasdaq	11,364.60	1.9%
IPC	37,418.79	1.3%
Ibovespa	95,526.30	-0.1%
Euro Stoxx 50	3,233.43	0.0%
FTSE 100	5,946.25	-0.1%
CAC 40	4,882.00	-0.3%
DAX	12,928.57	0.2%
Nikkei 225	23,422.82	0.0%
Hang Seng	24,242.86	1.1%
Shanghai Composite	3,218.05	0.0%
Sovereign bonds		
2-year Treasuries	0.15	0pb
10-year Treasuries	0.79	5pb
28-day Cetes	4.26	0pb
28-day TIIE	4.54	0pb
2-year Mbono	4.52	-2pb
10-year Mbono	6.20	0pb
Currencies		
USD/MXN	21.55	-0.8%
EUR/USD	1.18	0.2%
GBP/USD	1.29	0.3%
DXY	93.63	-0.1%
Commodities		
WTI	39.95	-1.8%
Brent	41.99	-1.5%
Mexican mix	36.91	-1.3%
Gold	1,887.42	0.5%
Copper	303.30	2.3%

Source: Bloomberg

Corporate Debt

- Grupo Famsa informed that its subsidiary Famsa México submitted a Bankruptcy Request. According to the notice, Famsa México will seek to join in the same way the process initiated by its holding to reach an agreement that allows the restructuring of its liabilities
- Grupo Televisa prepaid the total amount of the company's revolving credit line equivalent to MXN 14.77 billion. The company maintains the right to reuse the credit line for a maximum amount equivalent in Mexican pesos to US\$ 618 million. The credit line will remain available until March 26, 2022
- A Bondholders' Meeting of PLANFCB 16 issuance (Planfía ABS) was summoned for October 20, 2020

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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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
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>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

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