

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets and government bond yields trading higher while the USD declines, with optimism about a new fiscal stimulus deal in the US before the election. Moreover, expectations have increased that the European Union and the UK will keep negotiating a Brexit deal. The latter compensates for mixed data in China, with 3Q20 GDP below expectations but stronger September figures
- Oil falls as speculation mounts about a call later today and the upcoming decision, on December 1st, of OPEC and other producers regarding the cut agreement, in a context in which Libya's supply comes back online amid the resurgence of COVID-19 cases, dampening demand prospects
- Market attention this week on the last debate between president Trump and Joe Biden on Thursday, ongoing fiscal negotiations in the US, Brexit tensions and the possible announcement of new restrictions due to COVID-19. The corporate earnings season will accelerate both in Mexico and the US
- Few monetary policy decisions in coming days, highlighting only those by Turkey and Russia. The Fed will release the Beige Book, with the agenda of members' comments rather full –including Chair Powell at the annual meetings of the IMF– along Christine Lagarde of the ECB
- Global data includes PMI indicators for October in the Eurozone, UK and US, relevant because of fears of an economic slowdown. Other releases in the latter country include housing data, building permits and jobless claims. Consumer confidence in Europe and consumer prices in the UK and Brazil
- In Mexico, we anticipate inflation for the first half of October at 0.45% 2w/2w, to be published on Thursday. Other figures include September's unemployment rate and August's retail sales. In addition, the Revenue Law should be approved by the Lower House no later than Tuesday

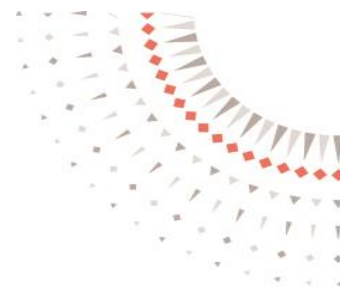
The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
	OPEC+ Joint Ministerial Monitoring Committee (JMMC)				
United States					
8:00	Powell Takes Part in IMF Panel on Cross-Border Payments				
11:45	Fed's Clarida Gives Speech on Economic Outlook				
14:20	Fed's Bostic discusses Economic Diversity and Inclusion				
15:20	Fed's Harker discusses COVID-19 recovery				
China					
21:30	Rate decision 1-year Loan Prime Rate	%	--	3.85	3.85
21:30	Rate decision 5-year Loan Prime Rate	%	--	4.65	4.65

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

Document for distribution among public



October 19, 2020

Gabriel Casillas

IRO and Chief Economist

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	3,489.75	0.8%
Euro Stoxx 50	3,256.44	0.3%
Nikkei 225	23,671.13	1.1%
Shanghai Composite	3,312.67	-0.7%
Currencies		
USD/MXN	21.06	-0.4%
EUR/USD	1.18	0.4%
DX	93.35	-0.4%
Commodities		
WTI	40.76	-0.3%
Brent	42.81	-0.3%
Gold	1,913.23	0.7%
Copper	308.70	0.6%
Sovereign bonds		
10-year Treasury	0.78	3pb

Source: Bloomberg

Equities

- Mixed, tough positively biased, start of the week for global stock markets. Investors' risk appetite is supported by quarterly reports above estimates in Europe, optimism regarding negotiations about fiscal stimulus in the US Congress, as well as expectations that the UK and EU could resume talks on their trading relationships
- That said, US futures are set for a positive opening and poised for extending its three-week gains, as S&P500 futures trade 0.8% above their fair value. Meanwhile, in Europe, the Stoxx is up 0.3%, while gains in banks and insurers stocks offset drops in health care and energy shares. In Asia, the trading session ended mixed. The Nikkei advanced 1.1% as the Shanghai Composite dropped 0.7%
- Five companies on the S&P500 are scheduled for releasing their 3Q20 earnings today, being IBM, Halliburton and PPG the most relevant names. Both IBM and Halliburton have already reported figures above estimates

Sovereign fixed income, currencies and commodities

- Pressures in sovereign bonds with an adjustment of +4bps in European securities, while US Treasuries register losses of 3bps in the long-end of yield curve. In Mexico, the Mbonos' curve registered a 6bps sell-off last week on average, with the 10-year benchmark closing at 6.14% (+9bps)
- The USD weakens (BBDXY -0.4%) amid a positive performance in G10 currencies, with NOK leading gains (+1.1%). In EM, bias is positive with ZAR as the strongest (+0.8%) and MXN trading at 21.06 per dollar (+0.4%) scoring four positive days in a row
- Crude-oil registers modest losses of 0.3% due to lower optimism about the recovery in demand, given the increase in COVID-19 cases coupled with a supply boost in Libya. Today's attention is focused on OPEC+ Ministerial Meeting. Metals register a positive balance

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	28,606.31	0.4%
S&P 500	3,483.81	0.0%
Nasdaq	11,671.56	-0.4%
IPC	37,876.49	-0.5%
Ibovespa	98,309.10	-0.8%
Euro Stoxx 50	3,245.47	1.7%
FTSE 100	5,919.58	1.5%
CAC 40	4,935.86	2.0%
DAX	12,908.99	1.6%
Nikkei 225	23,410.63	-0.4%
Hang Seng	24,386.79	0.9%
Shanghai Composite	3,336.36	0.1%
Sovereign bonds		
2-year Treasuries	0.14	0pb
10-year Treasuries	0.75	1pb
28-day Cetes	4.22	2pb
28-day TIE	4.53	0pb
2-year Mbono	4.52	2pb
10-year Mbono	6.15	4pb
Currencies		
USD/MXN	21.14	-0.6%
EUR/USD	1.17	0.1%
GBP/USD	1.29	0.0%
DXY	93.68	-0.2%
Commodities		
WTI	40.88	-0.2%
Brent	42.93	-0.5%
Mexican mix	37.87	-0.4%
Gold	1,899.29	-0.5%
Copper	306.75	-0.6%

Source: Bloomberg

Corporate Debt

- During the week, the return to the local debt market of CFE is expected, with three long-term bonds for a target amount of MXN 5.5 billion (maximum MXN 10 billion). The issuances will have terms of 2, 6 and 8 years, paying a variable, fixed and real fixed rate, respectively; the bonds are rated 'AAA' by S&P Global and Fitch Ratings
- Also, in the week are expected: 1) the auction of two issues by Fundación Rafael Donde (DONDE 20 / 20-2) for MXN 1 billion with a 3 and 5 year - term; and 2) the auction of IDB Invest's issuance, BIDINV 1-20, for up to MXN 2 billion and a 3 year-term
- S&P Global Ratings confirmed the ratings for 10 RMBS transactions from Fovissste at 'mxAAA' based on the agency's opinion about the levels of credit protection that the RMBS hold

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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

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.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.

GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy

Gabriel Casillas Olvera	IRO and Chief Economist	gabriel.casilla@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
--------------------------------	-----------------------------	--	------------------

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	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.roldan.ferrer@banorte.com	(55) 5004 - 1454