

Financial Markets Daily

November 3, 2020

Main drivers for the financial markets today...

- Stock markets, government bond yields and commodities higher while the USD weakens, with all eyes on the US elections. Specifically, several models and surveys point to a Biden win. Nevertheless, polls in swing states such as Pennsylvania, Florida, and Georgia are still quite close. In this sense, first figures will start flowing once voting closes on eastern states at 8:00pm ET. It should be mentioned that so far around 99 million votes have been casted in an early fashion or through mail, which suggests that participation will be high, which might be beneficial for the Democrats
- On Congressional elections, available information signals that Democrats will win both in the House of Representatives as well as in the Senate, which would have strong implications regarding the public policies which could be enacted going forward
- Today's Eurogroup meeting focused in the implementation of stimulus packages and the cooperation in the region in a context in which the situation regarding the virus has turned complicated
- Today's agenda includes factory orders, durable goods and auto sales in the US, while in Mexico family remittances and Banxico's survey

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
	Eurogroup finance ministers meeting				
United States					
	Election Day				
9:00	Factory orders* - Sep	% m/m	--	0.9	1.7
9:00	Ex transportation* - Sep	% m/m	--	0.6	0.7
9:00	Durable goods orders* - Sep (F)	% m/m	--	19.0	1.9
9:00	Ex transportation* - Sep (F)	% m/m	--	0.8	0.8
	Total vehicle sales**-Oct	thousands	--	16.5	16.3
Brazil					
6:00	COPOM minutes-				
Mexico					
10:00	International reserves - Oct 30	US\$bn	--	--	194.5
10:00	Family remittances - Sep	US\$mn	3,468.6	--	3,574.2
10:00	Survey of expectations (Banxico)				
12:30	Gover.weekly auction: 1-, 3-, 6- 12- month CETES; 3-y Mbono (Mar'23); 3-y Udibono (Nov'23) and Bondes D				
China					
20:45	Services PMI (Caixin)* - Oct	index	--	55.0	54.8
20:45	Composite PMI (Caixin)* - Oct	index	--	--	54.6

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	3,340.25	1.2%
Euro Stoxx 50	3,073.08	1.8%
Nikkei 225	23,295.48	0.0%
Shanghai Composite	3,271.07	1.4%
Currencies		
USD/MXN	21.17	-1.0%
EUR/USD	1.17	0.5%
DX	93.61	-0.6%
Commodities		
WTI	37.93	3.0%
Brent	39.86	2.3%
Gold	1,903.17	0.4%
Copper	309.35	0.5%
Sovereign bonds		
10-year Treasury	0.87	3pb

Source: Bloomberg

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Equities

- Positive movements in equity markets as investors focus their attention on the US presidential election today and show some optimism that the results will reflect a clear winner. On the other hand, in the corporate front, out of the 16 S&P 500 companies scheduled to report today, 10 have already updated investors with most outperforming estimates, including Emerson Electric and Exelon Corp
- In Asia, the markets closed positive. In Japan there were no operations due to being a holiday. In Europe stocks advance, the Euro Stoxx adds 1.8%. Shares from banks (supported by BNP Paribas report better than expected), energy and mining sectors lead gains. In turn, in the US the futures of main indices point to a higher open by rising 1.1% on average
- In Mexico operations will resume after yesterday's holiday and the Mexbol may stand above the 37,500 pts.

Sovereign fixed income, currencies and commodities

- Sovereign global bonds under pressure with US Treasuries printing losses of up to 3bps in long-term securities, while European dynamics depict a stronger performance in peripherals. Sharp steepening bias last week in the local fixed-income market
- The USD weakens with all the G10 universe positive where NOK outperforms with a 1.5% rally, while EM also trades strong excluding TRY extending the recent sell-off. RUB leads the gains with a 1.4% strengthening and the USD/MXN appreciates 1.0% to 21.17, touching yesterday 21.50
- Crude-oil prices bounce back with strong pressures recently due to the worries on demand effects derived from new social distancing measures, backed today by possible delays in OPEC+ supply cut easing in the following months. The metals' space performance on a positive note

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	26,925.05	1.6%
S&P 500	3,310.24	1.2%
Nasdaq	10,957.61	0.4%
IPC	36,987.86	0.0%
Ibovespa	93,952.40	0.0%
Euro Stoxx 50	3,019.54	2.1%
FTSE 100	5,654.97	1.4%
CAC 40	4,691.14	2.1%
DAX	11,788.28	2.0%
Nikkei 225	23,295.48	1.4%
Hang Seng	24,460.01	1.5%
Shanghai Composite	3,225.12	0.0%
Sovereign bonds		
2-year Treasuries	0.15	0pb
10-year Treasuries	0.84	-3pb
28-day Cetes	4.27	0pb
28-day TIIE	4.51	0pb
2-year Mbono	4.61	0pb
10-year Mbono	6.30	0pb
Currencies		
USD/MXN	21.38	0.9%
EUR/USD	1.16	-0.1%
GBP/USD	1.29	-0.2%
DXY	94.13	0.1%
Commodities		
WTI	36.81	2.8%
Brent	38.97	4.0%
Mexican mix	32.58	0.0%
Gold	1,895.48	0.9%
Copper	304.75	0.0%

Source: Bloomberg

Corporate Debt

- During this week the auction of an unsecured bond is expected by Vinte Viviendas Integrales, and another one backed by leasing contracts originated by Vanrenta
- Grupo Aeroportuario del Pacífico informed the refinancing of its bank debt due in January and February 2021 for US\$ 191 million. The refinancing was obtained with the same two Banking Institutions that originally granted the loans (Scotiabank and BBVA) for a term of 36 months, both refinancing
- HR Ratings upgraded the rating from 'HR AA' to 'HR AA +' for Montepío and its MONTPIO 17 / 19 issuances with a Stable Outlook. The upgrade revision for the rating is based on the constancy shown in the generation of integral remnants

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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