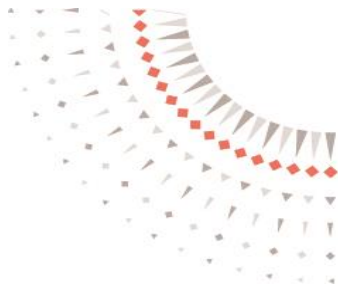


Financial Markets Daily

Main drivers for the financial markets today...

- **Positive stock markets, the dollar trading at a loss, while the yield on government bonds falls - also rallying - amid a possible victory for Joe Biden in the US elections, but restricted by a Republican Senate**
- **In this context, the attention will be on the elections' outcome, where the Democratic candidate, Joe Biden so far has 264 electoral votes of the 270 necessary to win, so he only needs one more state to be the next President of the United States. The Senate is tied with 48 seats each party, but it is very likely that the missing seats will be won by Republicans, while, in the Lower House, so far the Democrats have 204 seats, and Republicans 190**
- **Regarding monetary policy, the focus will be on the FOMC meeting, where we expect the reference rate to stay put. However, the market will be on the lookout for Fed Chairman Jerome Powell's conference for signs of a possible extension of the asset purchase program at the December meeting. The BoE kept its reference rate unchanged as widely expected**
- **Regarding economic figures, in the US, jobless claims will be released. Consensus estimates them at 740k**
- **In Mexico, INEGI published consumer confidence for October, standing at 37.6pts, improving with respect to 36.3pts the previous month. Inside, all five components increased**



November 5, 2020

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
4:00	EZ Retail sales* - Sep	% m/m	--	-1.5	4.4
7:00	Monetary policy decision (BoE)	%	--	0.10	0.10
Mexico					
7:00	Consumer confidence* -Oct	index	36.3	--	36.3
15:30	Survey of expectations (Citibanamex)				
United States					
7:30	Initial jobless claims* - Oct 31	thousands	--	740	751
13:00	FOMC Rate Decision (Upper Bound)	%	0.25	0.25	0.25
13:00	FOMC Rate Decision (Lower Bound)	%	0.00	0.00	0.00
13:00	Interest Rate on Excess Reserves (IOER)	%	0.10	0.10	0.10
13:30	Powell Holds Post-FOMC Meeting Press Conference				

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	3,498.25	1.8%
Euro Stoxx 50	3,204.61	1.4%
Nikkei 225	24,105.28	1.7%
Shanghai Composite	3,320.13	1.3%
Currencies		
USD/MXN	20.68	-1.2%
EUR/USD	1.18	0.9%
DX	92.70	-0.8%
Commodities		
WTI	38.81	-0.9%
Brent	41.00	-0.6%
Gold	1,925.82	1.2%
Copper	309.90	-0.3%
Sovereign bonds		
10-year Treasury	0.75	-1pb

Source: Bloomberg

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Equities

- Positive variations in stock markets. Investors are optimistic regarding the election result, hoping that it will not lead to regulatory changes that could reduce the performance of equities and returns interest in technology and health stocks. While they continue attentive to corporate results, highlighting Bristol-Myers and GM. Thus, futures in the US, anticipate an upward opening, the S&P500 rises 1.8% and the Nasdaq another 2.6%
- In Europe, the EuroStoxx shows a 1.3% increase, driven by a 2.8% rise in the technology sector. Meanwhile in Asia, the session was positive, with a hike in the Hong Kong index of 3.3%
- On the corporate front, yesterday Gap and Oma released their October passenger figures, still affected by COVID-19, but the sequential improvement continues. The decrease in Gap was 34.9% y/y, in line with expectations. While Oma's decline was greater than estimated, with a 46.7% y/y contraction

Sovereign fixed income, currencies and commodities

- Global sovereign bond rate rally, with the Treasury yield curve printing gains up to -4bps in longer duration nodes, while European assets adjust -1bps on average. Yesterday, the Mbonos yield curve recorded a sharp flattening with gains of 14bp on average. The 10-year benchmark Mbono May'31 ended at 6.22% (-17bp)
- The dollar extends the weaknesses (DXY -0.6%) with the entire G10 universe positive, where NOK outperforms with a 1.5% rally. In the EM group the trend is also positive, the RUB leads with an appreciation of 2.3% while the USD/MXN appreciates 1.2% to 20.69 per dollar, breaking through an important resistance level
- Oil prices decrease ~1% due to fears of lower demand globally due to the impact of the pandemic. Gold advances 0.9% to 1,922 \$/oz t and industrial metals printing mixed changes

Corporate Debt

- Grupo Famsa informed that following the Voluntary Request for the Mexican Bankruptcy and Insolvency Law, Ley de Concurso Mercantil, filed on August 6, 2020, the judge decided that, effective October 30, 2020, Grupo Famsa is to be declared in a state of Commercial Insolvency, Concurso Mercantil, with the opening of the conciliation stage
- HR Ratings assigned the rating of 'HR AA+' with a Stable Outlook and 'HR+1' for Corporativo GBM's Dual Program, based on adequate levels of solvency at the end of June after the capitalization of MXN 1.0 billion
- Grupo Axo informed that its shareholders resolved to approve the issuance of 305,466 shares, which were fully subscribed and paid by General Atlantic, current shareholder of the Company

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	27,847.66	1.3%
S&P 500	3,443.44	2.2%
Nasdaq	11,590.78	3.9%
IPC	37,475.76	0.0%
Ibovespa	97,866.80	2.0%
Euro Stoxx 50	3,161.07	2.0%
FTSE 100	5,883.26	1.7%
CAC 40	4,922.85	2.4%
DAX	12,324.22	1.9%
Nikkei 225	23,695.23	1.7%
Hang Seng	24,886.14	-0.2%
Shanghai Composite	3,277.44	0.2%
Sovereign bonds		
2-year Treasuries	0.14	-2pb
10-year Treasuries	0.76	-14pb
28-day Cetes	4.24	0pb
28-day TIIE	4.51	0pb
2-year Mbono	4.54	-8pb
10-year Mbono	6.24	-14pb
Currencies		
USD/MXN	20.94	-0.8%
EUR/USD	1.17	0.1%
GBP/USD	1.30	-0.5%
DXY	93.41	-0.2%
Commodities		
WTI	39.15	4.0%
Brent	41.23	3.8%
Mexican mix	36.36	3.9%
Gold	1,902.92	-0.3%
Copper	310.70	0.5%

Source: Bloomberg

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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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>

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