

# Financial Markets Daily

## Main drivers for the financial markets today...

- Stock markets trading higher, USD with a negative bias and government bond yields mixed on optimism of Joe Biden winning the US election despite some lingering uncertainty about the process, along COVID-19 cases accelerating – with the US reaching almost 10 million– and market volatility in countries such as Turkey
- In this backdrop, more US election results were released during the weekend, with Joe Biden winning as he reached at least 279 electoral votes, with president Trump at 214. If the latest trends in the states left are confirmed, the first could reach even 306 votes
- Market attention this week remains on the US, as the president has not conceded his defeat, saying he will go to the courts. The corporate earnings season is coming to an end. In data, we highlight 3Q20 GDP in the UK and the Eurozone, along economic activity in Brazil
- Monetary policy decisions in New Zealand, Peru and Mexico. We expect Banxico to cut the reference rate by 25bps, to 4.00%. The agenda of Fed speakers is heavy, while we we also have speeches by Powell, Bailey and Lagarde at an ECB forum
- In Mexico, October's inflation stood at 0.61% m/m (consensus: 0.57%), with the core at 0.24%. With these figures, annual inflation picked up to 4.09% from 4.01% in September, with the core more stable at 3.98%.
- Other releases during the week include October's wage negotiations, employment report by IMSS and same store sales by ANTAD, along industrial production for September. The limit date for the approval of the Spending Budget by the Lower House is on November 15th

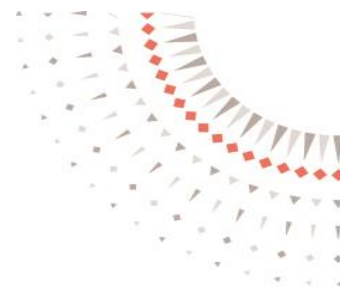
## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Germany</b>					
2:00	Trade balance - Sep	EURbn	--	16.0	11.9
<b>Mexico</b>					
7:00	Consumer prices - Oct	% m/m	0.62	0.57	0.23
7:00	Core - Oct	% m/m	0.27	0.26	0.32
7:00	Consumer prices - Oct	% y/y	4.09	4.06	4.01
<b>United States</b>					
13:30	Fed's Mester Takes Part in Fintech Conference				
17:00	Fed's Kaplan Takes part in Virtual Event				
<b>China</b>					
20:30	Consumer prices - Oct	% y/y	--	0.8	1.7

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

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Document for distribution among public



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## A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	3,584.00	2.4%
Euro Stoxx 50	3,254.23	1.6%
Nikkei 225	24,839.84	2.1%
Shanghai Composite	3,373.73	1.9%
<b>Currencies</b>		
USD/MXN	20.23	-1.8%
EUR/USD	1.19	0.2%
DX	92.32	0.1%
<b>Commodities</b>		
WTI	38.87	4.7%
Brent	41.14	4.3%
Gold	1,943.35	-0.4%
Copper	316.60	0.4%
<b>Sovereign bonds</b>		
10-year Treasury	0.90	8pb

Source: Bloomberg

## Equities

- Positive start of the week for global stock markets, as Joe Biden's declaration as president-elect of the US, and favorable preliminary results on Pfizer's COVID-19 vaccine, bolster risk appetite among investors offsetting concerns on increasing infections globally
- That said, global equity markets soar to an all-time high, with the technology sector still posting important gains. US futures are set for a positive opening, as those of the S&P500 trade 2.4% above their fair value. Meanwhile, in Europe, the Stoxx gains 1.6%, with all sectors in green, yet highlighting the financial and industrial sectors. In Asia, the session ended with gains across the board. The Nikkei advanced 2.1% vs a 1.9% gain registered in the Shanghai Composite
- 6 companies of the S&P500 are scheduled for releasing its 3Q20 earnings today, being McDonald's the most relevant name

## Sovereign fixed income, currencies and commodities

- Sovereign global bonds under pressure with US Treasuries printing losses of up to +9bps in long-term securities, while European instruments now trading at +5bps. Last week, the Mbonos yield curve averaged gains of 24bps, concentrated in long-term tenors that reached an appreciation of up to 32 bps
- Mixed dollar, with most G10 currencies up with a gain of 1.3% in NOK, except JPY which loses 1.0%. In the EM group price action is positive, TRY strengthens 6.0% after last week's heavy losses and USD/MXN appreciates 1.8% to 20.23 per dollar, strongest since March
- Crude-oil prices rise amidst favorable news about Pfizer's vaccine development. In metals, gold falls 0.4% to 1,943 \$/oz t while in industrials' space performance is mainly positive

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	28,323.40	-0.2%
S&P 500	3,509.44	0.0%
Nasdaq	11,895.23	0.0%
IPC	38,530.50	0.3%
Ibovespa	100,925.10	0.2%
Euro Stoxx 50	3,204.05	-0.4%
FTSE 100	5,910.02	0.1%
CAC 40	4,960.88	-0.5%
DAX	12,480.02	-0.7%
Nikkei 225	24,325.23	0.9%
Hang Seng	25,712.97	0.1%
Shanghai Composite	3,312.16	-0.2%
<b>Sovereign bonds</b>		
2-year Treasuries	0.15	1pb
10-year Treasuries	0.82	6pb
28-day Cetes	4.21	-1pb
28-day TIE	4.50	0pb
2-year Mbono	4.45	-2pb
10-year Mbono	6.06	-4pb
<b>Currencies</b>		
USD/MXN	20.60	-0.5%
EUR/USD	1.19	0.4%
GBP/USD	1.32	0.1%
DX	92.23	-0.3%
<b>Commodities</b>		
WTI	37.14	-4.3%
Brent	39.45	-3.6%
Mexican mix	34.83	-3.8%
Gold	1,951.35	0.1%
Copper	315.40	1.4%

Source: Bloomberg

## Corporate Debt

- For this week we expect the reopening of Organización Soriana's unsecured notes, SORIANA 20 / 20-2, for up to MXN 2.5 billion and terms of 3 and 5 years
- HR Ratings downgraded Grupo DASI's unsecured note, ITTO 17, ratings to 'HR BBB-' from 'HR A-', and revised the Negative Watch to Negative Outlook, based on the impact during the first nine months of 2020 of the COVID-19 health emergency
- Fitch Ratings affirmed Grupo Axo's long term rating on a national scale, in 'A(mex)'. The outlook remains Negative, reflecting the significant disruption in the retail trade of non-essential goods derived from the health contingency caused by the coronavirus

## 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.

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	Reference
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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