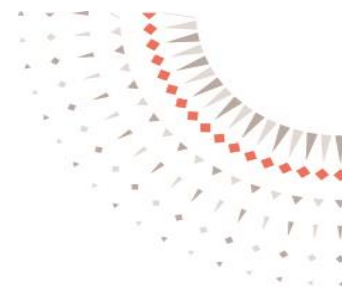


Financial Markets Daily



November 10, 2020

Main drivers for the financial markets today...

- Positive stock markets, although losing steam after yesterday's rally following the euphoria on the developments of a COVID-19 vaccine. The dollar is mixed while government bond yields are going up, with investors also assimilating the US elections, where Donald Trump refuses to concede and insists on legal actions
- Regarding the evolution of the virus, despite optimism about vaccines, the pandemic continues to expand in the US, with a record 142k cases reported on Monday, the fifth consecutive day with a count above 100k
- In UK, the Prime Minister Boris Johnson suffered a defeat in the parliament's upper chamber on Monday over proposed laws that would allow him to violate the Britain's EU exit treaty, a plan that has been criticized by the president-elect of States United, Joe Biden
- No relevant economic figures will be released in US today. However, within the Fed speakers agenda, the participation of several members, such as Kaplan, Rosengren, Quarles and Brainard, is expected
- In UK, the unemployment rate for September was released, rebounding to 4.8%, up from 4.5% previously. While in Germany, the November ZEW survey of expectations moderated more than estimated by the consensus (44.0pts) to 39.0pts, well below the 56.1pts registered the previous month
- In Mexico, the international reserves as of November 6 and the contractual salary negotiations for October will be published

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK and Germany					
2:00	UK Unemployment rate* - Sep	%	--	4.8	4.5
5:00	GER ZEW Survey (expectations) - Nov	index	--	44.0	56.1
United States					
7:30	Fed's Kaplan Takes Part in Bloomberg Event				
10:00	Fed's Rosengren Speaks on Financial Stability				
12:00	Dallas Fed's Kaplan speaks at the Council on Foreign Relations				
14:00	Fed's Quarles Appears Before Senate Banking Panel				
17:00	Fed's Brainard to Discuss Community Reinvestment Act				
Mexico					
10:00	International reserves - Nov 6	US\$bn	--	--	194.4
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 10y Mbono (May'31) and 30y Udibono (Nov'50)				
12:30	Wage negotiations - Oct	%	--	--	4.1

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	3,539.00	-0.1%
Euro Stoxx 50	3,429.12	0.6%
Nikkei 225	24,905.59	0.3%
Shanghai Composite	3,360.15	-0.4%
Currencies		
USD/MXN	20.40	0.3%
EUR/USD	1.18	0.0%
DX	92.82	0.1%
Commodities		
WTI	40.42	0.3%
Brent	42.72	0.8%
Gold	1,878.37	0.8%
Copper	311.45	-1.3%
Sovereign bonds		
10-year Treasury	0.95	3pb

Source: Bloomberg

Document for distribution among public

Equities

- Mixed movements in equity markets, with positive bias, after the strong rally in the previous session by the news of the advance of a COVID-19 vaccine. Investors have begun to diversify into cyclical sectors and those that have been lagged by the pandemic, and are beginning to weigh valuations, amid increased coronavirus cases and where Donald Trump does not give up in looking for legal actions. On the corporate front, being in the final phase of the corporate earnings season, today only 3 S&P 500 companies release their results
- In Asia, most markets closed positive. Positive variations in stocks predominate in Europe, the Euro Stoxx adds 0.6%. Shares from financial and energy sectors lead gains, while those from real state and utilities superhead losses. In turn, in the US the futures of main indices are mixed, although on average they decrease 0.3%
- In Mexico, the Mexbol may stand around the 39,500 pts

Sovereign fixed income, currencies and commodities

- Pressures in sovereign bonds remain following adjustments yesterday of 7bps on average for US Treasuries, resulting in a sharp steepening. Rates in Europe and in the US lose 1bp today. Yesterday Mbonos strengthened 1bp in short-term maturities but sold-off 1-4bps in longer-term ones
- The USD trades mixed, where GBP (+0.6%) leads gains in the G10 universe. In EM FX TRY prints a 2.6% sell-off amid a mostly negative balance, where USD/MXN trades with slightly negative vs yesterday's close at 20.40 (-0.3%), touching intraday 20.43 earlier today
- Crude oil extends gains by ~1% after surging 8% yesterday in WTI supported by the optimism on the vaccine effects to transport demand recovery. Focus today to API inventories and EIA STEO. Metals positive with precious bouncing back from yesterday's sell-off

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	29,157.97	2.9%
S&P 500	3,550.50	1.2%
Nasdaq	11,713.78	-1.5%
IPC	39,652.52	2.9%
Ibovespa	103,515.20	2.6%
Euro Stoxx 50	3,407.91	6.4%
FTSE 100	6,186.29	4.7%
CAC 40	5,336.32	7.6%
DAX	13,095.97	4.9%
Nikkei 225	24,839.84	2.1%
Hang Seng	26,016.17	1.2%
Shanghai Composite	3,373.73	1.9%
Sovereign bonds		
2-year Treasuries	0.17	2pb
10-year Treasuries	0.92	11pb
28-day Cetes	4.21	-1pb
28-day TIE	4.50	0pb
2-year Mbono	4.46	1pb
10-year Mbono	6.07	1pb
Currencies		
USD/MXN	20.34	-1.3%
EUR/USD	1.18	-0.5%
GBP/USD	1.32	0.1%
DX	92.73	0.5%
Commodities		
WTI	40.29	8.5%
Brent	42.40	7.5%
Mexican mix	37.46	7.6%
Gold	1,863.04	-4.5%
Copper	315.60	0.1%

Source: Bloomberg

Corporate Debt

- Grupo Aeroméxico reported that it has met the conditions to request the disbursement of the remaining portion of Tranche 1 (MXN 100 million) and the initial disbursement under Tranche 2 (MXN 175 million) of its DIP Financing, therefore, the company has received said Second Disbursement
- Corpovael reported that BID Invest authorized a revolving credit line for up to MXN 300 million, of which MXN 200 million is committed and MXN 100 million is uncommitted. The funds of this line are to finance working capital requirements in relation to the development of housing for the social and medium interest segment
- Consubanco informed that on November 5th it participated in the bidding process for the sale of Banco Ahorro Famsa's portfolio implemented by the IPAB's representative and won a package of current and overdue loans, related to the IMSS

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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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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