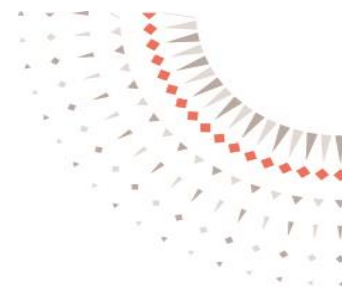


# Financial Markets Daily



November 11, 2020

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

- Positive stock markets -excluding Chinese tech sector after new government regulations-, mixed government bond yields, while the dollar and crude trade positive with investors optimistic about COVID-19 vaccine developments, extending a good performance in risk assets throughout the week
- In the US, Joe Biden is moving ahead with his transition plans with his team announcing a roster of volunteer experts to help prepare policy in the new administration. Meanwhile, Donald Trump intensifies his legal offensive
- Regarding the development of the pandemic, in the US the virus continues to expand, hitting a new record with 61,964 COVID patients registered in hospitals yesterday. Germany reported the highest number of daily deaths since mid-April and further restrictions were imposed. Russia said its vaccine samples show more than 90% effectiveness
- In the Eurozone, the ECB Central Banking forum will start where the president Christine Lagarde will deliver an opening message
- In economic figures, the September retail sales report was released in Brazil, showing a 7.3% y/y increase above the previous 6.2% y/y, but below the 8.4% y/y estimated by the consensus. Data in 3Q20 confirms an economic rebound, after the strong decline in 2Q20
- In Mexico, INEGI published industrial production figures for September, with a 6.2% y/y decline. In monthly terms, it stood at 0.0%, with an increase in manufacturing and mining, but with a decrease in construction

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Mexico</b>					
7:00	Industrial production - Sep	% y/y	-5.9	-6.2	-9.0
7:00	Industrial production* - Sep	% m/m	0.3	0.8	3.3
7:00	Manufacturing output - Sep	% y/y	-5.9	-6.7	-9.2
	ANTAD's same-store sales - Oct	% y/y	--	--	-0.3
<b>Brazil</b>					
7:00	Retail sales - Sep	% y/y	--	7.6	6.1
7:00	Retail sales* - Sep	% m/m	--	1.2	3.4

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.
<b>Equity indices</b>		
S&P 500 Futures	3,570.50	0.8%
Euro Stoxx 50	3,466.03	0.7%
Nikkei 225	25,349.60	1.8%
Shanghai Composite	3,342.20	-0.5%
<b>Currencies</b>		
USD/MXN	20.42	0.5%
EUR/USD	1.18	-0.4%
DXY	93.08	0.4%
<b>Commodities</b>		
WTI	42.46	2.7%
Brent	44.79	2.7%
Gold	1,871.42	-0.3%
Copper	313.60	-0.6%
<b>Sovereign bonds</b>		
10-year Treasury	0.98	0bp

Source: Bloomberg

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## Equities

- Equity markets mostly positive, continuing with the behavior of the two previous sessions, where advances in the development of the COVID-19 vaccine triggered investors' optimism regarding an economic recovery scenario, while technology companies rebound in the US after being affected by the rotation seen towards cyclical and small-cap stocks, also supported by the exit in companies of this sector in China
- In the US, futures anticipate a positive opening, with the S&P 500 up 0.8%, and the Nasdaq 1.1%. In Europe, the Stoxx 600 advances 0.9%, with utilities leading the gains. In Asia, markets closed mixed, where the Nikkei added 1.8%, while the Hang Seng and the Shanghai Composite dropped 0.3% and 0.5%, respectively, as a result of the decline in technological companies due to an anti-monopoly project that would affect Internet platforms in China, Alibaba lost 9.8% and Tencent -7.4%

## Sovereign fixed income, currencies and commodities

- Mixed performance in global rates with pressures in Asia/Pacific and gains of ~2bps in Europe excluding the UK, while the US Treasury market will be closed due to Veterans Day. Yesterday, the Mbonos' curve gained 2bps in the short-end but sold-off 1bp in the rest
- The US dollar strengthens amid a negative balance in G10 and EM currencies, only with NZD positive in the former. In emerging crosses, USD/MXN leads the losses adjusting 0.5% to 20.42 while TRY volatility remains elevated rallying today 2.8%
- Crude oil prices remain supported the optimism in financial markets on the back of COVID-19 vaccine developments, with WTI rising 2% today trading at its highest since August. In metals, performance is mixed with precious modestly negative

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	29,420.92	0.9%
S&P 500	3,545.53	-0.1%
Nasdaq	11,553.86	-1.4%
IPC	40,404.58	1.9%
Ibovespa	105,067.00	1.5%
Euro Stoxx 50	3,442.62	1.0%
FTSE 100	6,296.85	1.8%
CAC 40	5,418.97	1.5%
DAX	13,163.11	0.5%
Nikkei 225	24,905.59	0.3%
Hang Seng	26,301.48	1.1%
Shanghai Composite	3,360.15	-0.4%
<b>Sovereign bonds</b>		
2-year Treasuries	0.18	1pb
10-year Treasuries	0.96	4pb
28-day Cetes	4.14	-7pb
28-day TIE	4.50	0pb
2-year Mbono	4.45	-1pb
10-year Mbono	6.07	0pb
<b>Currencies</b>		
USD/MXN	20.32	-0.1%
EUR/USD	1.18	0.0%
GBP/USD	1.33	0.8%
DEX	92.75	0.0%
<b>Commodities</b>		
WTI	41.36	2.7%
Brent	43.61	2.9%
Mexican mix	38.74	3.4%
Gold	1,877.32	0.8%
Copper	315.55	0.0%

Source: Bloomberg

## Corporate Debt

- Today the first reopening of the SORIANA 20 and 20-2 issuances is expected to be auctioned for an amount of up to MXN 5 billion. The series 20 pays a TIE 28 rate plus a 60pb surcharge and will have its legal maturity in 3 years, while the series 20-2 pays a 6.37% fixed rate with a 5-year term
- The notes will be repaid in a single payment at face value on the maturity date (bullet) and are rated 'AA+(mex) / HR AA+' by Fitch Ratings and HR Ratings, respectively. The resources obtained will be used to refinance liabilities
- HR Ratings ratified the rating of 'HR3' and maintained the Negative Watch for the Short Term Program of Grupo Viva Aerobus. Subsequently, the agency withdrew it after the total amortization of the outstanding balance

## 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.

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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.

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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
<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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