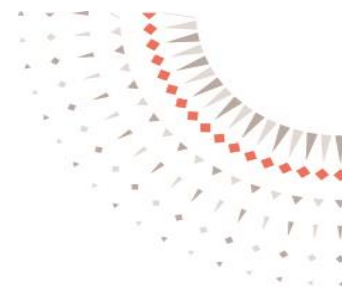


Financial Markets Daily



November 13, 2020

Main drivers for the financial markets today...

- Stock markets mixed albeit with a positive bias, highlighting S&P500 futures. Meanwhile, the USD weakens while government bond yields are also mixed. The latter on the back of expectations for additional stimulus and advances over vaccines offsetting concerns on COVID-19
- In the political front, China congratulated Joe Biden as President Elect, this after more networks declared Arizona for this candidate. With this, total electoral votes stand at 290 vs. 217 from President Trump, with 31 still left to be decided. Nevertheless, in the Senate, Republicans already have 50 seats vs. 48 from the Democrats, with the remaining two left to be decided by special election in January
- In other news, the White House confirmed that they won't lead any additional efforts to implement a new stimulus package. In our opinion, this reduces the possibility that an agreement could be reached before the new administration takes office. Meanwhile, regarding Brexit, after a week of negotiations there are no significant breakthroughs, adding even more pressure to this process
- On economic data, in the US, October's PPI will be published along the November's consumer confidence from the University of Michigan. We will also be looking into Fedspeakers John Williams (New York) and James Bullard (St. Louis). In the Eurozone, revised GDP for 3Q20 was slightly lower, standing at +12.6% q/q (previous: +12.7%), leaving the annual comparison at -4.4%. Meanwhile, economic activity in Brazil rose 1.3% m/m (-0.8% y/y) in September. In Mexico, the Lower House approved the 2021 Spending Budget, marking the end of the authorization process for the 2021 Budget

Gabriel Casillas

Chief Economist, Head of Research and IRO
gabriel.casillas@banorte.com

Alejandro Padilla

Executive Director of Economic Research and Financial Markets Strategy
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA

Director of Economic Research
juan.alderete.macal@banorte.com

Manuel Jiménez

Director of Market Strategy
manuel.jimenez@banorte.com



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Trade balance* - Sep	EURmn	--	22.4	21.9
5:00	Gross domestic product - 3Q20 (P)	% y/y	--	-4.3	-4.3
5:00	Gross domestic product* - 3Q20 (P)	% q/q	--	12.7	12.7
Brazil					
7:00	Economic activity - Sep	% y/y	--	-1.3	-3.9
7:00	Economic activity* - Sep	% m/m	--	1.0	1.1
United States					
	Fed's Williams Takes part in FT Webinar				
8:30	Producer prices* - Oct	% m/m	--	0.2	0.4
8:30	Ex. food & energy* - Oct	% m/m	--	0.2	0.4
8:30	Fed's Bullard Discusses U.S. Economy and Monetary Policy				
10:00	U. of Michigan Confidence* - Nov (P)	index	81.0	81.8	81.8

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	3,556.00	0.7%
Euro Stoxx 50	3,434.35	0.2%
Nikkei 225	25,385.87	-0.5%
Shanghai Composite	3,310.11	-0.9%
Currencies		
USD/MXN	20.54	-0.4%
EUR/USD	1.18	0.1%
DXY	92.87	-0.1%
Commodities		
WTI	40.39	-1.8%
Brent	42.96	-1.3%
Gold	1,887.71	0.6%
Copper	315.30	0.3%
Sovereign bonds		
10-year Treasury	0.88	0pb

Source: Bloomberg

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Equities

- Mixed close of the week, though positively biased, for global equity markets. Stock exchanges have erased earlier losses on the back of hopes for further stimulus
- In this context, US futures are set for a positive opening with those of the S&P500 trading 0.7% above their fair value. Meanwhile, in Europe, the Stoxx has flipped and now is up 0.2% driven by gains in shares of the tech & banking sectors
- As for Asia, the trading session there ended red. The Nikkei lost 0.5% against a 0.9% drop in the Shanghai Composite, following President Trump signing an executive order for banning US investments on Chinese companies owned by the military of China
- On the corporate side, there are no relevant earnings releases scheduled for today in the US

Sovereign fixed income, currencies and commodities

- Modest appreciation in global rates, following a stronger performance yesterday led by Treasuries. In Europe bonds rally 3bps and in the US ~1bp. The Mexican yield curve flattened yesterday following Banxico's decision, with pressures of up to 10bps in the short-end
- The USD trades slightly negative although heading for a week of gains, with GBP and JPY outperforming today in the G10 universe with a 0.3% gain. In EM, the Mexican peso outperforms strengthening by 0.4% to 20.54 reaching intraday 20.69
- Crude oil falls 1% with the market focusing on weaker demand conditions, with consumption forecasts downwardly revised this week by main energy agencies. Tone in the metals' space is more favorable with gains in industrials and precious of 0.5%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	29,080.17	-1.1%
S&P 500	3,537.01	-1.0%
Nasdaq	11,709.59	-0.7%
IPC	40,335.95	-1.3%
Ibovespa	102,507.00	-2.2%
Euro Stoxx 50	3,428.20	-1.1%
FTSE 100	6,338.94	-0.7%
CAC 40	5,362.57	-1.5%
DAX	13,052.95	-1.2%
Nikkei 225	25,520.88	0.7%
Hang Seng	26,169.38	-0.2%
Shanghai Composite	3,338.68	-0.1%
Sovereign bonds		
2-year Treasuries	0.18	0pb
10-year Treasuries	0.88	-9pb
28-day Cetes	4.21	8pb
28-day TIE	4.49	-1pb
2-year Mbono	4.45	2pb
10-year Mbono	6.04	-1pb
Currencies		
USD/MXN	20.63	0.6%
EUR/USD	1.18	0.2%
GBP/USD	1.31	-0.8%
DX	92.96	-0.1%
Commodities		
WTI	41.12	-0.8%
Brent	43.53	-0.6%
Mexican mix	38.83	-0.8%
Gold	1,876.83	0.6%
Copper	314.50	0.4%

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 repayed 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
- PCR Verum downgraded the long-term national scale rating for TV Azteca and its issuance AZTECA 17 to 'A/M' from 'A+/M'; the Outlook was revised to Negative
- S&P Global Ratings ratified the ratings for Red de Carreteras de Occidente at 'BBB' and 'mxAAA' for its resilience during the pandemic

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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	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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GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
--------------------------------	-----------------------------	--	------------------

Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Senior Strategist, Equity	valentin.mendoza@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x 2755
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Tania Abdul Massih Jacobo	Director of Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454