

Financial Markets Daily

Main drivers for the financial markets today...

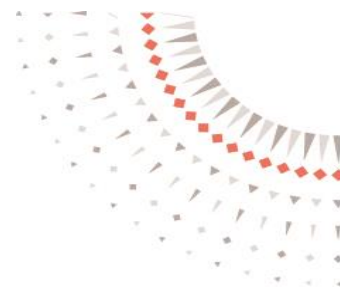
- Stock markets, government bond yields and the USD mixed as investors moderate yesterday's optimism that supported risk assets and pushed US stock indices to new record highs, with stock markets in Asia also up, after favorable news over the vaccine progress
- Regarding the virus, yesterday, Moderna informed that their vaccine achieved a 94.5% effectiveness rate against a COVID-19 infection. Nevertheless, efforts in the short-term remain on the mitigation of new cases, especially in several states in the US, with record daily contagions driving the implementation of some lockdown measures
- On economic data, attention will be in the US, highlighting retail sales (Banorte: 0.5% m/m) and industrial production for October (Banorte: 0.9% m/m). Overall, we expect these reports to confirm signs of a deceleration given the lack of approval of a new fiscal stimulus
- In this sense, President Elect Joe Biden spoke yesterday of the need to have a new package to support the economy. Nevertheless, Senate Republicans pushed back against such a large program, with a very similar stance relative to the one seen before the election
- Regarding monetary policy, Fed Chariman, Jerome Powell will take part in a panel discussing the economy. Meanwhile, other four members (Bostic, Daly, Kashkari and Rosengren) will talk about racism and the economy, while Barkin (Richmond) will also talk about the economic outlook. About the Eurozone, the ECB's Chief Economist, Philip Lane, stated that the institution will provide enough monetary stimulus to ensure the availability to cheap credit. In this context we will be looking into comments from the ECB President, Christine Lagarde, later today

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
	OPEC+ Joint Ministerial Monitoring Committee (JMMC)				
United States					
8:30	Advance retail sales* - Oct	% m/m	0.5	0.5	1.9
8:30	Ex autos & gas* - Oct	% m/m	--	0.7	1.5
8:30	Control Group*-Oct	% m/m	0.5	0.5	1.4
9:15	Industrial production* - Oct	% m/m	0.9	1.0	-0.6
9:15	Manufacturing* - Oct	% m/m	0.9	1.0	-0.3
13:00	Powell takes part in moderated discussion				
15:00	Barkin discusses economy in webinar				
15:00	Bostic, Daly, Kashkari and Rosengren, discuss racism and the economy				
Mexico					
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 20-y Mbono (Nov'38) and 1, 3, and 5-y Bondes D				

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	3,600.75	-0.6%
Euro Stoxx 50	3,450.56	-0.5%
Nikkei 225	26,014.62	0.4%
Shanghai Composite	3,339.90	-0.2%
Currencies		
USD/MXN	20.37	0.4%
EUR/USD	1.19	0.3%
DX	92.33	-0.3%
Commodities		
WTI	40.90	-1.1%
Brent	43.37	-1.0%
Gold	1,888.95	0.0%
Copper	320.20	-0.9%
Sovereign bonds		
10-year Treasury	0.88	-3pb

Source: Bloomberg

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Equities

- Mixed movements in equity markets with a negative bias, taking a pause after the rally in the previous session that brought some indices (Dow Jones and S&P500) to record highs, following positive news regarding the COVID-19 vaccine, now from Moderna, and in the midst of growing cases of coronavirus infections. On the corporate front, being in the final phase of the corporate earnings season, today only Home Depot and Walmart published their results above estimates
- In Asia the markets closed mixed. In Europe stocks drop, the Euro Stoxx decreases 0.5%. In turn, in the US the futures of main indices are mixed, although on average they decrease 0.3%
- In Mexico trading will resume after yesterday's holiday and the Mexbol may stand above the 41,000 pts

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds with Asia/Pacific depicting pressures while Europe and the US Treasuries experience limited gains, following the risk-on moderation. Last week the Mbonos' curve flattened with pressures in the aftermath of Banxico's easing pause
- The USD holds a negative tone since the end of last week, with today's G10 performance exposing GBP and JPY as the outperformers gaining ~0.4%, also with a mixed balance in EM with USD/MXN depreciating 0.4% to 20.37
- Few variations in crude oil futures with Bret oscillating around 43 \$/bbl and with the market focused in the possible delay of OPEC+ production increase, with the group meeting today to monitor the production cut deal. Precious metals modestly negative and industrials mixed

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	29,950.44	1.6%
S&P 500	3,626.91	1.2%
Nasdaq	11,924.13	0.8%
IPC	40,791.81	0.0%
Ibovespa	106,429.90	1.6%
Euro Stoxx 50	3,466.21	1.0%
FTSE 100	6,421.29	1.7%
CAC 40	5,471.48	1.7%
DAX	13,138.61	0.5%
Nikkei 225	25,906.93	2.1%
Hang Seng	26,381.67	0.9%
Shanghai Composite	3,346.97	1.1%
Sovereign bonds		
2-year Treasuries	0.18	0pb
10-year Treasuries	0.91	1pb
28-day Cetes	4.24	0pb
28-day TIE	4.51	0pb
2-year Mbono	4.52	0pb
10-year Mbono	6.06	0pb
Currencies		
USD/MXN	20.29	-0.6%
EUR/USD	1.19	0.2%
GBP/USD	1.32	0.1%
DX	92.64	-0.1%
Commodities		
WTI	41.34	3.0%
Brent	43.82	2.4%
Mexican mix	38.00	0.0%
Gold	1,888.95	0.0%
Copper	322.95	1.4%

Source: Bloomberg

Corporate Debt

- Fitch Ratings ratified the long-term national scale ratings for Red de Carreteras de Occidente and its issuances at 'AAA(mex)vra', withdrew the Negative Watch and assigned Negative outlook. According to the agency, the withdrew of the Negative Watch reflects Fitch Ratings' minor concerns regarding RCO's short-term liquidity as a result of better than expected traffic and revenue performance
- HR Ratings ratified the long-term rating for issuance FHIPOCB 17U at 'HR AAA (E)' with Stable outlook
- HR Ratings ratified the long-term rating at 'HR AAA (E)' with Stable outlook for issuance FRISACB 17 of Grupo Frisa

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	Reference
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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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