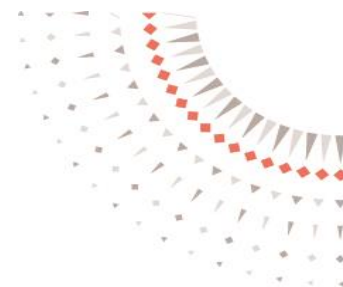


Financial Markets Daily



November 19, 2020

Main drivers for the financial markets today...

- Negative stock markets, government bond yields operate at a loss, while the dollar trades with gains. Risk assets lose momentum as investors focus on the rebound in COVID-19 cases and new lockdown measures, countering positive news from pharmaceuticals on vaccine advances
- When it comes to the evolution of the pandemic, there is good news. AstraZeneca announced that its vaccine produced strong immune responses in adults, while Moderna is already preparing production in Europe
- Regarding economic figures, the Philadelphia Fed regional manufacturing report will be released in the US. We estimate it at 26pts below the previous figure of 32.3pts. Jobless claims will also be published, where the consensus expects similar levels to that of last week at 710k
- On monetary policy, Turkey raised its benchmark rate to a two-year high at 15.0% from 10.25%, while, in South Africa, consensus expects the central bank to keep it unchanged at 3.50%
- In Mexico, INEGI published the Timely Indicator of Economic Activity (IOAE in Spanish) for September and October. A 7.0% y/y contraction is estimated in the GDP-proxy IGAE (seasonally adjusted figures) for the ninth month of the year, followed by -6.2% in the following month

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	Current account* - Sep	EURbn	--	--	19.9
United States					
8:30	Initial jobless claims* - Nov 14	thousands	--	710	709
8:30	Philadelphia Fed* - Nov	index	26.0	22.0	32.3
10:00	Existing home sales** - Oct	millions	--	6.5	6.5
Turkey					
18:00	Monetary policy decision (C. Bank of the Turkey)	%	--	15.00	10.25
China					
20:30	Rate decision 1-year Loan Prime Rate	%	--	3.85	3.85
20:30	Rate decision 5-year Loan Prime Rate	%	--	4.65	4.65
South African					
	Monetary policy decision (S.African Reserve Bank)	%	--	3.50	3.50

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	3,560.25	-0.1%
Euro Stoxx 50	3,452.48	-0.9%
Nikkei 225	25,634.34	-0.4%
Shanghai Composite	3,363.09	0.5%
Currencies		
USD/MXN	20.33	0.1%
EUR/USD	1.18	-0.2%
DX	92.56	0.3%
Commodities		
WTI	41.50	-0.8%
Brent	44.20	-0.3%
Gold	1,861.81	-0.6%
Copper	318.90	-0.3%
Sovereign bonds		
10-year Treasury	0.86	-1pb

Source: Bloomberg

Document for distribution among public

Equities

- This Thursday, we observe negative movements in stock markets for the third time. Greater restrictions around the world in view of the upturn in coronavirus cases and the overcrowding of health systems, reduced in the investor sentiment, the optimism generated by the advance in the Covid-19 vaccines. In this way, futures in the US are trading in negative territory, the S&P500 is 0.1% below its theoretical value, anticipating a negative opening
- Europe shows widespread declines, with the EuroStoxx falling 0.9%. Cyclical stocks are the most affected, those of Norwegian Air Shuttle fell 16% after seeking protection from its creditors. In Germany, ThyssenKrupp also fell after announcing 11,000 job cuts. Asia, on the other hand, registered a mixed session, the Nikkei fell 0.4%, versus a 0.7% rise in the CSI. Meanwhile, in Mexico, the Mexbol could fall as it joins the sentiment of its international peers

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds with European assets depicting gains of 1-2bps while the US Treasuries trades with gains up to 2bps in long-term securities as risk aversion remains. Yesterday, the Mbonos yield curve averaged gains of 6bps, concentrated in medium-term tenors.
- The dollar appreciates (DXY +0.2%) against developed currencies, NZD leads losses by depreciating 0.4%. In EM, the bias is also negative, with the exception of TRY with gains of 1.4%, the MXN is stable at 20.33 per dollar, after having reached 20.43 a few hours ago
- Weakness in oil prices due to fears of an economic impact from the re-imposition of mobility restriction measures in some countries. In metals, gold loses 0.4% to 1,864 \$/oz t while in industrials the balance is mixed

Corporate Debt

- Vinte informed that the Danish Sustainable Development Goals Investment Fund obtained the necessary approvals for the investment of US\$ 20 million in Vinte shares
- Fitch Ratings ratified the rating of Mexico City (CDMX) at 'AAA (mex)' with a stable outlook. The rating's affirmation reflects Fitch's expectation that CDMX will maintain a repayment ratio (adjusted net debt to operating balance) in a range of 5 times (x) to 9x and an actual debt service coverage of less than 1x
- S&P Global Ratings confirmed the ratings of the Chiapas State issuances, CHIACB 07 / 07U at 'mxAA +'. The bonds are backed by 100% of the collection of the Payroll Tax of Chiapas

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	29,438.42	-1.2%
S&P 500	3,567.79	-1.2%
Nasdaq	11,801.60	-0.8%
IPC	42,252.61	0.7%
Ibovespa	106,119.10	-1.1%
Euro Stoxx 50	3,482.17	0.4%
FTSE 100	6,385.24	0.3%
CAC 40	5,511.45	0.5%
DAX	13,201.89	0.5%
Nikkei 225	25,728.14	-1.1%
Hang Seng	26,544.29	0.5%
Shanghai Composite	3,347.30	0.2%
Sovereign bonds		
2-year Treasuries	0.17	0pb
10-year Treasuries	0.87	1pb
28-day Cetes	4.23	-1pb
28-day TIE	4.50	0pb
2-year Mbono	4.54	-2pb
10-year Mbono	6.03	-5pb
Currencies		
USD/MXN	20.32	0.2%
EUR/USD	1.19	-0.1%
GBP/USD	1.33	0.2%
DXY	92.32	-0.1%
Commodities		
WTI	41.82	0.9%
Brent	44.34	1.3%
Mexican mix	39.51	1.2%
Gold	1,872.24	-0.4%
Copper	321.25	0.1%

Source: Bloomberg

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 Thalia 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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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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