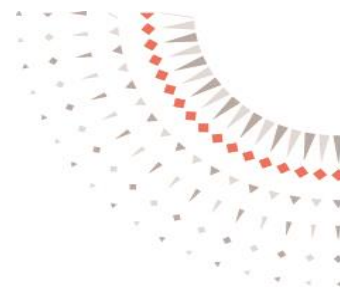


Financial Markets Daily



November 20, 2020

Main drivers for the financial markets today...

- Stock markets and government bond yields mixed, with S&P500 futures down but USD up, with investors analyzing the possibility of additional stimulus in the US and Europe, albeit acknowledging dissenting views about some pandemic programs between the Treasury and the Fed
- Specifically, Treasury Secretary Steven Mnuchin sent a letter to Fed Chair Jerome Powell asking them to return some of the resources that the government has provided to set up some of the bank's lending and liquidity programs (mainly for corporate and municipal credit). Minutes later, the Fed released a statement urging about the need of maintaining these programs into 2021
- Because of this, and with few economic data today, investors will be focused on comments by Fed members, including Kaplan, Barkin, Bostic and George. In the Eurozone, the preliminary estimate of November's consumer confidence will be released
- In the vaccine front, Pfizer and BioNTech said they plan to file today for an emergency use authorization to the FDA, which could allow approval for using it in the US next month. On the other hand, the WHO recommended not to use Remdisivir for treatment of hospitalized patients, arguing that there is not enough evidence of its effectivity
- The managing director of the IMF, Kristalina Georgieva, warned that the second wave of contagions is impacting the pace of the recovery, which has been losing momentum. Therefore, she recommended that government support should not be withdrawn until the sanitary crisis has been left behind
- According to press reports, the IMF approved Mexico to maintain the Flexible Credit Line unchanged at around US\$63.4 billion due to the risks stemming from the pandemic, in contrast with the government's strategy in recent years of a gradual reduction of the total amount

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Fed's Kaplan Gives Speech at Fed Energy and Economy				
13:30	Fed's George Gives Speech at Fed Energy and Economy				
Eurozone					
10:00	Consumer confidence* - Nov (P)	index	--	-17.9	-15.5
Mexico					
15:30	Survey of expectations (Citibanamex)				

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	3,577.75	-0.1%
Euro Stoxx 50	3,468.00	0.5%
Nikkei 225	25,527.37	-0.4%
Shanghai Composite	3,377.73	0.4%
Currencies		
USD/MXN	20.11	-0.4%
EUR/USD	1.19	0.0%
DX	92.31	0.0%
Commodities		
WTI	42.00	0.6%
Brent	44.54	0.8%
Gold	1,866.25	0.0%
Copper	325.75	1.7%
Sovereign bonds		
10-year Treasury	0.84	1pb

Source: Bloomberg

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Equities

- We conclude the week with mixed movements in stock markets. Though disputes surrounding the extension over emergency programs for the pandemic in the US worry investors, hopes for higher stimuli continue. As such, futures in the US anticipate a marginally negative opening, with the S&P500 trading 0.1% below its theoretical value, and attention focused on fedspeak agenda
- In Asia, the trading session concluded mixed, while Europe shows widespread gains as rotation toward cyclical sectors continues, with mining and energy showing the highest advances
- In Mexico Ienova announced Gazprom joined Shell in the arbitration process vs ECA Regasification. Though the news was expected, it might add volatility as it could take a long time to be resolved

Sovereign fixed income, currencies and commodities

- Weekly close with limited movements in sovereign bonds, registering gains of 1bp in European securities, while US Treasuries are pressured by 1bp along the curve. Yesterday, Mbonos rallied 3bps on average
- Stable US dollar, although heading for a weekly negative balance, with a mixed performance today in G10 currencies with modest losses in JPY and NZD leading the gains. EM FX is also mixed, with TRY adjusting 0.7% and MXN outperforming, strengthening 0.5% to 20.10
- Crude oil gains 0.7% in WTI and Brent, on track for its third weekly gain, supported by the optimism in vaccine developments. Metals experience widespread gains in industrials and precious, except for a slight gain in gold

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	29,483.23	0.2%
S&P 500	3,581.87	0.4%
Nasdaq	11,904.71	0.9%
IPC	41,868.82	-0.9%
Ibovespa	106,669.90	0.5%
Euro Stoxx 50	3,451.97	-0.9%
FTSE 100	6,334.35	-0.8%
CAC 40	5,474.66	-0.7%
DAX	13,086.16	-0.9%
Nikkei 225	25,634.34	-0.4%
Hang Seng	26,356.97	-0.7%
Shanghai Composite	3,363.09	0.5%
Sovereign bonds		
2-year Treasuries	0.16	-1pb
10-year Treasuries	0.83	-4pb
28-day Cetes	4.28	5pb
28-day TIE	4.50	0pb
2-year Mbono	4.52	-2pb
10-year Mbono	5.99	-4pb
Currencies		
USD/MXN	20.19	-0.7%
EUR/USD	1.19	0.2%
GBP/USD	1.33	-0.1%
DXY	92.29	0.0%
Commodities		
WTI	41.74	-0.2%
Brent	44.20	-0.3%
Mexican mix	39.43	-0.2%
Gold	1,866.54	-0.3%
Copper	322.00	0.2%

Source: Bloomberg

Corporate Debt

- Moody's assigned the long-term senior unsecured debt ratings of 'Aaa.mx' on the national scale to the proposed Banobras issuances, BANOB 20X / 20-2X. Banobras' ratings are in line with Mexico's sovereign rating and incorporate Moody's assessment of full support from the Mexican government if necessary
- The BANOB 20X and 20-2X bonds will be for a target amount of MXN 5 billion (maximum amount of MXN 7.5 billion), they will have a legal maturity in 3 and 5 years, respectively, and both will be pegged to TIE 28. It is important to mention that both bonds are sustainable
- The Bondholders Assembly Agreements of the MAYACB 12 / 12U issuances (Consorcio del Mayab FF) held on November 17, were announced. The main agreement was that the "Change of Control" proposed by the Settlor was approved by majority

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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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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