

Financial Markets Daily

November 24, 2020

Main drivers for the financial markets today...

- Positive stock markets and government bond yields, with the dollar trading at a loss in a context where optimism continues for: (1) The formal start of Joe Biden's transition, even though Donald Trump has not conceded; (2) the nomination of Janet Yellen as Secretary of the Treasury; and (3) the favorable news about the development of vaccines against COVID-19
- Regarding economic figures, the *Conference Board* consumer confidence will be released. We estimate it at 97.0pts. below the previous 100.9pts. On the Fed speakers' agenda, the interventions of Bullard, Williams and Clarida are expected
- In Germany the final 3Q20 GDP figure was published, revised up to 8.5% q/q from previous 8.2% q/q. While the IFO survey (business climate) moderated to 90.7pts in November from 92.5pts
- In Mexico, INEGI published inflation for the first half of November, rising 0.04% 2w/2w, very low relative to the 5-year average at 0.70%. With this, the annual comparison stood at 3.43%, back within the central bank's target range. In addition, INEGI also released October's unemployment rate, improving considerably to 4.7% from 5.1% in the previous month. This implied a creation of 1.9 million jobs in the month, which is very positive

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

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Gross domestic product* - 3Q20 (F)	% q/q	5.03	5.00	5.09
4:00	IFO Survey (business climate)* - Nov	index	0.22	0.24	0.16
			-0.03	0.09	0.07
Mexico					
7:00	Unemployment rate - Oct	%	3.62	3.63	4.09
7:00	Consumer prices - Nov 15	% 2w/2w	--	--	194.4
7:00	Core - Nov 15	% 2w/2w			
7:00	Consumer prices - Nov 15	% y/y			
10:00	International reserves - Nov 20	US\$bn	--	0.8	0.9
12:30	Government weekly auction: 1-, 3-, 6- 12- mont		--	4.2	3.5
Brazil					
7:00	Consumer prices - Nov	% 2w/2w	--	4.8	5.2
7:00	Consumer prices - Nov	% y/y	97.0	98.0	100.9
United States					
9:00	S&P/CoreLogic housing prices - Sep	% y/y	--	4.8	5.2
10:00	Consumer confidence* - Nov	index	97.0	98.0	100.9
11:00	Fed's Bullard Discusses Monetary Policy Challenges				

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	3,599.25	0.7%
Euro Stoxx 50	3,495.77	0.9%
Nikkei 225	26,165.59	2.5%
Shanghai Composite	3,402.82	-0.3%
Currencies		
USD/MXN	20.12	-0.2%
EUR/USD	1.19	0.2%
DX	92.36	-0.2%
Commodities		
WTI	43.52	1.1%
Brent	46.45	0.8%
Gold	1,809.70	-1.5%
Copper	331.25	1.7%
Sovereign bonds		
10-year Treasury	0.87	1pb

Source: Bloomberg

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Equities

- Positive movements in equity markets as investor sentiment remains due to the start of Joe Biden's formal transition to the White House. Additionally, optimism is supported by the announcement that Janet Yellen could be appointed as Treasury Secretary (the market sees the possibility of greater economic stimuli), as well as by the advances related to COVID-19 vaccines and possible fewer restrictions in some European countries
- In Asia most markets closed positive. In Europe stocks advance, the Euro Stoxx adds 0.9%. Shares from energy, financial and industrial sectors lead gains. In turn, in the US the futures of main indices point to a higher open by rising 0.7% on average
- In Mexico the Mexbol could follow the performance of its international peers and trade close to 42,500 pts

Sovereign fixed income, currencies and commodities

- Performance under narrow ranges for global bonds with adjustments of ± 1 bp in European securities and in US Treasuries, with a slight pressure bias in the latter for long-term tenors. In Mexico, the Mbonos' curve rallied 1bp on average yesterday, with a gain of up to 3bps
- The USD weakens amid a favorable performance in developed currencies, only with CHF marginally negative, while EM FX experiences a mixed balance but with a positive bias. In this group TRY underperforms (-0.8%) and the USD/MXN gains 0.2% to 20.12
- Crude oil holds a positive performance amid a more favorable outlook for demand given recent vaccine developments, reaching fresh highs since March for Brent at 46 \$/bbl. Metals trade mixed with industrials positive and precious falling by ~1%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	29,591.27	1.1%
S&P 500	3,577.59	0.6%
Nasdaq	11,880.63	0.2%
IPC	42,267.20	0.9%
Ibovespa	107,378.90	1.3%
Euro Stoxx 50	3,463.04	-0.1%
FTSE 100	6,333.84	-0.3%
CAC 40	5,492.15	-0.1%
DAX	13,126.97	-0.1%
Nikkei 225	25,527.37	0.0%
Hang Seng	26,486.20	0.1%
Shanghai Composite	3,414.49	1.1%
Sovereign bonds		
2-year Treasuries	0.16	0pb
10-year Treasuries	0.85	3pb
28-day Cetes	4.30	3pb
28-day TIE	4.49	0pb
2-year Mbono	4.49	1pb
10-year Mbono	5.89	-4pb
Currencies		
USD/MXN	20.15	0.2%
EUR/USD	1.18	-0.1%
GBP/USD	1.33	0.3%
DXY	92.51	0.1%
Commodities		
WTI	43.06	2.2%
Brent	46.06	2.4%
Mexican mix	41.07	2.6%
Gold	1,837.86	-1.8%
Copper	327.80	-1.0%

Source: Bloomberg

Corporate Debt

- HR Ratings assigned the rating of 'HR AAA (E)' with Stable Outlook for Fovissste's MBS TFOVICB 20-2U based on the 49.5% Maximum Default that it supports in a high-stress scenario
- Notice of partial early redemption of Firma Car's ABS, FIRMACB 18, on November 30 for MXN 13.36 million; the payment of principal will not generate any premium in favor of the Bondholders
- Banco Invex (Trustee) reported the default in the total payment of interest earned on the MBS HSBCCB 07-4

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

Gabriel Casillas Olvera	IRO and Chief Economist	gabriel.casilla@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
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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	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 Domíquez	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