

Financial Markets Daily

December 3, 2020

Main drivers for the financial markets today...

- **Mixed stock markets and government bond yields, as the dollar trades slightly down, as three factors are offsetting the news that US lawmakers are close to an agreement to pass a new fiscal stimulus package: (1) The US had its worst day in the number of deaths from COVID-19 yesterday; (2) the tensions between the US and China could be exacerbated if Trump signs the House of Representatives initiative to delist companies from the Asian country that do not allow them to be audited; and (3) high valuations of companies with the rally that has occurred so far, with some nervousness due to tomorrow's employment report**
- **In the US, the leader of the House of Representatives, Nancy Pelosi and the Democratic leader in the Senate, Chuck Schumer, proposed a stimulus package of US\$ 908 billion to reopen negotiations with the Republicans and the White House**
- **Regarding economic figures, in the US jobless claims for the week ending on November 28 will be released. Consensus estimates them at 775k, near the previous week levels. Additionally, the ISM Non-Manufacturing Index for November will be published. Consensus expects a figure at 55.8pts, below the 56.6pts levels of the previous month**
- **In Brazil, 3Q20 GDP grew 7.7% t/t, after a 9.6%/t/t contraction in 2Q20. The annual variation remained in contraction at -3.9% after a 10.9% contraction the previous quarter**

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



www.banorte.com



@ analisis_fundam

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
3:55	GER Services PMI (Markit)* - Nov (F)	index	--	46.2	46.2
3:55	GER Composite PMI (Markit)* - Nov (F)	index	--	52.0	52.0
4:00	EZ Services PMI (Markit)* - Nov (F)	index	--	41.3	41.3
4:00	EZ Composite PMI (Markit)* - Nov (F)	index	--	45.1	45.1
4:30	UK Services PMI* - Nov (F)	index	--	45.8	45.8
5:00	EZ Retail sales* - Oct	% m/m	--	0.5	-2.0
Brazil					
7:00	Gross domestic product - 3Q20	% y/y	-3.5	-3.5	-11.4
7:00	Gross domestic product* - 3Q20	% q/q	--	8.8	-9.7
United States					
8:30	Initial Jobless Claims* - Nov 28	thousands	--	768	778
9:45	Services PMI (Markit)* - Nov (F)	index	--	57.6	57.7
9:45	Composite PMI (Markit)* - Nov (F)	index	--	--	57.9
10:00	ISM services - Nov	index	--	56.0	56.6

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	3,666.25	0.0%
Euro Stoxx 50	3,519.19	-0.1%
Nikkei 225	26,809.37	0.0%
Shanghai Composite	3,442.14	-0.2%
Currencies		
USD/MXN	19.92	-0.3%
EUR/USD	1.21	0.2%
DX	90.85	-0.3%
Commodities		
WTI	44.87	-0.9%
Brent	47.89	-0.7%
Gold	1,842.63	0.6%
Copper	348.85	0.4%
Sovereign bonds		
10-year Treasury	0.93	-1pb

Source: Bloomberg

Document for distribution among public

Equities

- Stock markets are trading mixed and with few variations, moderating the rise that brought the indices to record highs in previous days and as investors show more moderate sentiment in the face of concerns about a more limited economic recovery and the debate over fiscal support. Thus, US futures trade with few changes, the S&P500 with no variations, anticipating a lateral opening
- Stock markets in Europe with mixed movements, the Eurostoxx trades 0.1% down, with energy shares contracting the index with a 1.3% drop. Meanwhile in Asia, the session was mostly positive, with the Kospi and Hang Seng standing out with 0.8% and 0.7% advances
- On the corporate front, yesterday Volaris announced its November passenger traffic, showing a 13.5% y/y decrease, although sequentially it continues to show progress (+14.0% vs. October)

Sovereign fixed income, currencies and commodities

- Sovereign bonds with a positive bias, European sec trade with gains of 2-3 bps while the Treasuries curve adjusts -1 bps. Yesterday, the Mbonos yield curve closed with gains of 1bps concentrated in the medium-term tenors, with the 10-year benchmark at 5.77% (-1bps)
- The USD falls (BBDXY -0.2%) amid mixed performance in G10 currencies, with GBP appreciating 0.6% and NOK falling 0.2%. In EM, a positive bias prevails with HUF leading the gains (+0.7%) while MXN appreciates 0.3% to 19.92 per dollar
- Oil prices printing losses of 0.6%, with investors focus on the OPEC+ ministerial meeting and cautious about the fragility of the global recovery. In metals, gold advances 0.6% to 1,842 \$/oz t and industrials trade with a negative balance

Corporate Debt

- Fitch Ratings ratified Naturgy Mexico's (NM) long-term national scale rating of 'AAA(mex)'. The outlook is stable. According to the agency, NM's ratings are backed by its stable operating performance, supported by the regulated nature of the business. The company has a strong position in the natural gas distribution sector in Mexico, Fitch expects NM to maintain its strong capital structure despite the negative effect of the coronavirus pandemic
- Notice of deactivation of ramp-up event and update of remanant retention events of ABS ACOSTCB 15
- Bondholders' Meeting Resolutions of issuances BRHSCCB 06-3U / 06-4U / 06-5U / 06-6U / 07 / 07-2 held on November 30th

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	29,883.79	0.2%
S&P 500	3,669.01	0.2%
Nasdaq	12,349.37	0.0%
IPC	43,674.84	1.8%
Ibovespa	111,878.50	0.4%
Euro Stoxx 50	3,521.32	-0.1%
FTSE 100	6,463.39	1.2%
CAC 40	5,583.01	0.0%
DAX	13,313.24	-0.5%
Nikkei 225	26,800.98	0.1%
Hang Seng	26,532.58	-0.1%
Shanghai Composite	3,449.38	-0.1%
Sovereign bonds		
2-year Treasuries	0.16	-1pb
10-year Treasuries	0.94	1pb
28-day Cetes	4.33	-2pb
28-day TIIE	4.49	0pb
2-year Mbono	4.48	0pb
10-year Mbono	5.78	-1pb
Currencies		
USD/MXN	19.97	-0.3%
EUR/USD	1.21	0.4%
GBP/USD	1.34	-0.4%
DXY	91.12	-0.2%
Commodities		
WTI	45.28	1.6%
Brent	48.25	1.8%
Mexican mix	43.49	1.3%
Gold	1,831.29	0.9%
Copper	348.90	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 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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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
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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, 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 Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
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
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454