

Financial Markets Daily

December 4, 2020

Main drivers for the financial markets today...

- Stock markets up, USD lower and government bond yields with small changes as COVID-19 vaccine developments and global fiscal and monetary policy stimulus keeps boosting markets, despite the US jobs report later today that might signal that the recovery is losing momentum
- On the other hand, crude oil prices are at highs since May 2020, following OPEC's agreement yesterday. Markets focused on November's nonfarm payrolls, along factory orders and trade balance figures in the US
- Moreover, investors watching the nomination of president López-Obrador for the replacement of Deputy Governor Javier Guzmán to Banxico's Board, expected today
- The ECB could extend its emergency asset purchase program by one year, towards June 2022, apart from increasing the amount, which would be more aggressive than expected. Nevertheless, some Board members would prefer a more modest adjustment
- According to the latest reports, Pfizer/BioNTech plans to produce around 50 million doses of its vaccine this year, below the 100 million originally estimated. On the other hand, these companies remain confident that they could produce around 1.3 billion doses in 2021
- In Mexico, November's consumer confidence reached 36.7pts, declining 1.0pts relative to the previous month and below market expectations. Inside, all five categories were lower

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
7:00	Consumer confidence* - Nov	index	39.5	--	37.6
United States					
8:30	Nonfarm payrolls* - Nov	thousands	500	500	638
8:30	Unemployment Rate* - Nov	%	6.5	6.8	6.9
8:30	Trade balance* - Oct	US\$bn	--	-64.8	-63.9
10:00	Factory orders* - Oct	% m/m	--	0.8	1.1
10:00	Ex transportation* - Oct	% m/m	--	--	0.5
10:00	Durable goods orders* - Oct (F)	% m/m	--	--	1.3
10:00	Ex transportation* - Oct (F)	% m/m	--	--	1.3
10:00	Fed's Bowman Discusses Community Banking and Fintech				

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	3,676.00	0.3%
Euro Stoxx 50	3,521.66	0.1%
Nikkei 225	26,751.24	-0.2%
Shanghai Composite	3,444.58	0.1%
Currencies		
USD/MXN	19.79	-0.5%
EUR/USD	1.22	0.2%
DX	90.54	-0.2%
Commodities		
WTI	46.16	1.1%
Brent	49.25	1.1%
Gold	1,841.51	0.0%
Copper	351.70	1.1%
Sovereign bonds		
10-year Treasury	0.93	2pb

Source: Bloomberg

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Equities

- This Friday stock markets show virtually widespread upward movements, with bets on the development of vaccines to help the recovery, while the stimulus actions continue at global level
- US futures anticipate a positive opening, with the S&P500 trading 0.3% above its theoretical value awaiting employment figures to be released. In Asia the session concluded mixed, although the bias was positive, while Europe trades with widespread gains, positively reacting to news that the ECB may extend its bond buying program
- In Mexico, Asur announced passenger traffic for November with a 44.4% annual decline, in line with estimates. Sequentially, a 22.8% rise was observed, reflecting a continuous recovery

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds registering gains of 1bp in European rates and of 2bps in Asia/Pacific, while Treasuries extending recent pressures in ~2bps. Locally, the Mbonos' curve registered yesterday a 2bps rally in short- and mid-term securities
- The USD completes a new week under pressure, its third in a row, observing a mixed performance in G10 currencies although under narrow ranges today, while emerging crosses reflect a positive balance. In this group MXN appreciates 0.5% to 19.80 per dollar, a level not seen since March
- Crude oil extends yesterday's gains in about 1% with the market assimilating OPEC+ agreement on a modest increase in its production from January. In metals, tone is mostly positive, although with industrials outperforming

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	29,969.52	0.3%
S&P 500	3,666.72	-0.1%
Nasdaq	12,377.18	0.2%
IPC	43,934.21	0.6%
Ibovespa	112,291.60	0.4%
Euro Stoxx 50	3,517.10	-0.1%
FTSE 100	6,490.27	0.4%
CAC 40	5,574.36	-0.2%
DAX	13,252.86	-0.5%
Nikkei 225	26,809.37	0.0%
Hang Seng	26,728.50	0.7%
Shanghai Composite	3,442.14	-0.2%
Sovereign bonds		
2-year Treasuries	0.15	-1pb
10-year Treasuries	0.91	-3pb
28-day Cetes	4.31	-1pb
28-day TIE	4.48	0pb
2-year Mbono	4.48	0pb
10-year Mbono	5.74	-4pb
Currencies		
USD/MXN	19.90	-0.4%
EUR/USD	1.21	0.2%
GBP/USD	1.35	0.6%
DEX	90.71	-0.4%
Commodities		
WTI	45.64	0.8%
Brent	48.71	1.0%
Mexican mix	44.04	1.3%
Gold	1,841.08	0.5%
Copper	349.05	0.0%

Source: Bloomberg

Corporate Debt

- Fitch Ratings affirmed FEMSA's long-term global and national scale rating at 'AAA(mex)' and 'A': the outlook is Stable. According to the agency, the ratings are based on its solid business portfolio of leading companies in the beverage and retail sectors, and the stable dividend flow it receives from its subsidiary Coca-Cola FEMSA and its 15% share in Heineken
- Fitch Ratings affirmed the national scale long- and short- term ratings for Daimler México at 'AAA(mex)' and 'F1+(mex)' with Stable outlook. According to the agency, the rating is based on the unconditional and irrevocable guarantee given by Daimler AG (DAG), the company's ultimate holding
- Notice of prime payment to holders of issuance CHIHCB 13U for December 10th

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