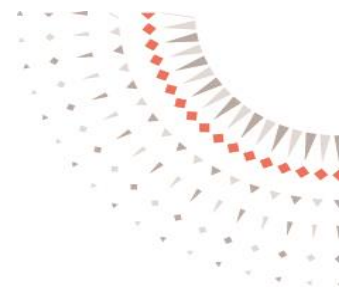


Financial Markets Daily



December 10, 2020

Main drivers for the financial markets today...

- Stock markets with little changes, government bond yields are declining, while the dollar operates stable, awaiting for some catalyst that offers direction. There is caution because of: (1) The ECB's monetary policy decision; (2) progress on fiscal stimulus in the US; (3) the Brexit negotiations; and (4) the FDA meeting today to decide on the Pfizer vaccine
- On monetary policy, the ECB made aggressive announcements of additional stimulus. Although it kept the reference rates unchanged, it increased the emergency asset purchase program to face the pandemic PEPP by 500 billion euros to a total of 1,850 billion and extended the application of the program until March 2022. They also recalibrated the conditions of the TLTRO III. We will be attentive to Christine Lagarde's press conference at 7:30 am
- There is still no progress to reach an agreement on a new US fiscal stimulus package, despite the Secretary of the Treasury's proposal of US\$ 916 billion and the bipartisan plan of US\$ 908 billion
- Regarding economic figures, in the US, the November inflation report will be released. We estimate it at 0.1% m/m, with which the annual variation would be 1.1%. Jobless claims for the week ending December 5 will also be published. Consensus estimates them at 725k (previous 712k)

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
2:00	Industrial production* - Oct	% m/m	--	0.3	0.5
7:45	Monetary policy decision (ECB)	%	0.0	0.0	0.0
Brazil					
7:00	Retail sales - Oct	% y/y	--	6.1	7.3
7:00	Retail sales* - Oct	% m/m	--	-0.4	0.6
United States					
8:30	Consumer prices* - Nov	% m/m	0.1	0.1	0.0
8:30	Ex. food & energy* - Nov	% m/m	0.2	0.1	0.0
8:30	Consumer prices - Nov	% y/y	1.1	1.1	1.2
8:30	Ex. food & energy - Nov	% y/y	1.5	1.5	1.6
8:30	Initial jobless claims* - Dec 5	thousands	--	723	712
Peru					
18:00	Monetary policy decision (BCRP)	%	--	--	0.25
Mexico					
	Wage negotiations - Nov	% y/y	--	--	4.0
	ANTAD's same-store sales - Nov	% y/y	--	--	2.8

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	3,665.50	-0.2%
Euro Stoxx 50	3,533.67	0.1%
Nikkei 225	26,756.24	-0.2%
Shanghai Composite	3,373.28	0.0%
Currencies		
USD/MXN	19.95	0.4%
EUR/USD	1.21	0.0%
DX	91.14	0.1%
Commodities		
WTI	46.09	1.3%
Brent	49.55	1.4%
Gold	1,837.34	-0.1%
Copper	351.45	0.2%
Sovereign bonds		
10-year Treasury	0.91	-2pb

Source: Bloomberg

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Equities

- Stock markets trade with mixed movements. Investors are assessing the fiscal stimulus outlook in the US and technology stocks after yesterday's sharp drop. Thus, US futures, point to a downward opening, with the S&P500 trading 0.2% below its theoretical value
- Europe shows mixed variations, reacting to the relief program of the ECB. The 0.1% rise in the Eurostoxx is offset by technology sector shares, with STMicroelectronics' shares spreading yesterday's fall in the face of discouraging medium-term prospects. Asia closed mostly negative, Hang Seng fell by 0.4% and the Nikkei by 0.2%.
- On the corporate front, yesterday Ienova announced that Total SE acquired ~16% of ECA LNG -a joint venture with Sempra LNG-. We believe it would have limited reaction on the stock price, being subject to Sempra's takeover bid

Sovereign fixed income, currencies and commodities

- Gains in global rates with an appreciation of 1-6bps in European bonds, with Gilts standing out adjusting -8bps in long-term nodes, while Treasuries also print a gain of 2bp. Yesterday the Mbonos yield curve traded with few movements, the mid-term ended with pressures of 2bps and the 10-year benchmark closed at 5.65% (+3bps)
- The dollar is trading with small changes and a mixed performance in G10 currencies, AUD appreciates 0.5% and GBP falls 1%. In EM, bias is also mixed, BRL stands out with an advance of 1.3% while the Mexican peso depreciates 0.4% to 19.95 per dollar
- Oil prices are up 1.4% as optimism continues over vaccines and the expectation of a demand recovery. In metals, gold trades at 1,838 \$/oz t (-0.1%) while industrials record a positive balance

Corporate Debt

- Today the auction for a Fovissste mortgage-backed bond, TFOVICB 20-2U, is expected for a target amount of MXN 5 billion (maximum MXN 6 billion) with a legal term of approximately 30 years and an initial over-collateralization of 25%. The ratings for this issuances will be 'AAA' by Fitch Ratings and HR Ratings
- HR Ratings affirmed Genomma Lab's rating at 'HR AA' and revised the outlook to Positive from Stable; it also upgraded the rating for the short-term to 'HR+1' from 'HR1'. According to the agency, the change in the outlook is based on the improvement of the expected operating results related to operating leverage
- Fitch Ratings ratified GMéxico Transportes and Ferromex ratings at 'AAA (mex)'; the outlook is stable

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	30,068.81	-0.3%
S&P 500	3,672.82	-0.8%
Nasdaq	12,338.95	-1.9%
IPC	42,736.96	-0.8%
Ibovespa	113,001.20	-0.7%
Euro Stoxx 50	3,529.02	0.1%
FTSE 100	6,564.29	0.1%
CAC 40	5,546.82	-0.2%
DAX	13,340.26	0.5%
Nikkei 225	26,817.94	1.3%
Hang Seng	26,502.84	0.8%
Shanghai Composite	3,371.96	-1.1%
Sovereign bonds		
2-year Treasuries	0.15	0pb
10-year Treasuries	0.94	2pb
28-day Cetes	4.25	-5pb
28-day TIIE	4.48	0pb
2-year Mbono	4.42	0pb
10-year Mbono	5.65	1pb
Currencies		
USD/MXN	19.88	0.5%
EUR/USD	1.21	-0.2%
GBP/USD	1.34	0.3%
DXY	91.09	0.1%
Commodities		
WTI	45.52	-0.2%
Brent	48.86	0.0%
Mexican mix	44.30	0.3%
Gold	1,839.55	-1.7%
Copper	351.35	0.4%

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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	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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