

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets and government bond yields up, with the USD trading lower as optimism is supported by: (1) The start of vaccine distribution and application in the US; (2) the expected release of a US\$908 billion bipartisan stimulus plan today in said country; and (3) extended efforts to reach a Brexit deal this week
- In the Eurozone, October's industrial production stood at 2.1% m/m, above consensus, with investors still nervous about the economic impact from the second wave of COVID-19 cases. In Mexico, new jobs affiliated to the Social Security Institute reached 148,719 in November
- Market attention this week on the Fed, expecting changes in the asset purchase program and forward guidance. Decision also by Banxico, anticipating the rate unchanged at 4.25%. Monetary policy announcements also in Japan and UK, among others
- In the US, the Electoral College will gather in states today to cast their votes, confirming Joe Biden as the next president. Data releases in coming days from the manufacturing sector, including December's Empire and Philly Fed indexes, apart from November's industrial production. Moreover, retail sales, building permits and housing starts
- Back in Mexico, investors watching recent legislative proposals as the ordinary period of the Lower House and the Senate ends tomorrow. By the end of the week, Banxico will release its expectations survey and we will know aggregate supply and demand for 3Q20

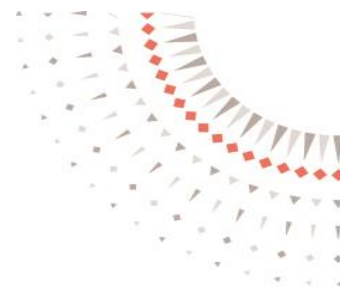
The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Industrial production* - Oct	% m/m	--	1.9	-0.4
Brazil					
7:00	Economic activity - Oct	% y/y	--	-2.1	-0.8
7:00	Economic activity* - Oct	% m/m	--	0.8	1.3
China					
21:00	Industrial production - Nov	% y/y	--	7.0	6.9
21:00	Retail sales - Nov	% y/y	--	5.0	4.3
21:00	Gross fixed investment (YTD) - Nov	% y/y	--	2.6	1.8

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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Document for distribution among public



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	3,688.50	0.7%
Euro Stoxx 50	3,530.40	1.3%
Nikkei 225	26,732.44	0.3%
Shanghai Composite	3,369.12	0.7%
Currencies		
USD/MXN	20.09	-0.2%
EUR/USD	1.22	0.4%
DX	90.55	-0.5%
Commodities		
WTI	47.12	1.2%
Brent	50.59	1.2%
Gold	1,827.99	-0.6%
Copper	353.45	0.3%
Sovereign bonds		
10-year Treasury	0.92	2pb

Source: Bloomberg

Equities

- Positive start of the week for global stock markets on the back of a plethora of positive news (e.g. optimism on vaccination against COVID-19 in the US, hopes for a new stimulus package and finally getting done a Brexit deal)
- US futures are set for a positive opening, as those of the S&P500 trade 0.8% above their fair value. Meanwhile, the Euro Stoxx is up 1.3%, following comments from UE's chief negotiator stating that a deal with the UK could be done as soon as this week. In Asia, the trading session ended mixed. The Nikkei and Shanghai Composite were green, with 0.3% and 0.7% gains, respectively, but the Hang Seng dropped 0.4%
- Today, Nemak Holding will start trading in the MSE fully independent from Alfa, under the ticker NMK, with a opening price of \$3.18. Meanwhile, Alfa's share price (already excluding Nemak) will open at \$13.29

Sovereign fixed income, currencies and commodities

- Pressures in global rates, with European bonds adjusting +2bps, while the US Treasuries also print a 3bps sell-off in the long-end of the yield curve. In local terms, the Mbonos' curve closed last week with a 4bps rally at its extremes
- The USD trades negative (BBDXY -0.5%) amid a positive performance in G10 currencies, with GBP leading gains (+1.6%). In EM the bias is mixed, with ZAR as the strongest (+0.9%), while MXN trades at 20.08 per dollar (+0.2%) after a 1.8% weekly depreciation
- Oil gains 1.2% reaching fresh highs since March supported by optimism about COVID-19 vaccines and recovery in demand next year. In metals, gold falls 0.6% to 1,828 \$/oz t and industrials record a positive balance

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	30,046.37	0.2%
S&P 500	3,663.46	-0.1%
Nasdaq	12,377.87	-0.2%
IPC	43,612.31	0.2%
Ibovespa	115,128.00	0.0%
Euro Stoxx 50	3,485.84	-1.0%
FTSE 100	6,546.75	-0.8%
CAC 40	5,507.55	-0.8%
DAX	13,114.30	-1.4%
Nikkei 225	26,652.52	-0.4%
Hang Seng	26,505.87	0.4%
Shanghai Composite	3,347.19	-0.8%
Sovereign bonds		
2-year Treasuries	0.12	-2pb
10-year Treasuries	0.90	-1pb
28-day Cetes	4.26	2pb
28-day TIE	4.48	0pb
2-year Mbono	4.45	2pb
10-year Mbono	5.72	1pb
Currencies		
USD/MXN	20.13	0.6%
EUR/USD	1.21	-0.2%
GBP/USD	1.32	-0.5%
DXY	90.98	0.2%
Commodities		
WTI	46.57	-0.4%
Brent	49.97	-0.6%
Mexican mix	45.50	0.2%
Gold	1,839.85	0.2%
Copper	352.80	-1.3%

Source: Bloomberg

Corporate Debt

- For today, TIPMXCB 20 / 20-2 (ABS of TIP Transportes) auctions are expected for a total of MXN 3 billion, where the series 20 will pay a fixed rate, while series 20-2 will be pegged to TIE 28 plus a spread, both issuances with a 5-year term
- S&P Global Ratings placed 123LCB 19 (ABS of 123 Lease) 'mxAA (sf)' rating on Negative CreditWatch. According to the agency, the Negative CreditWatch status is due to the deterioration in the behavior of the portfolio observed in recent months
- HR Ratings affirmed Inmuebles Carso and its INCARSO 15 / 17 issuances ratings at 'HR AA +' with a Stable Outlook and 'HR + 1' for the short-term

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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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