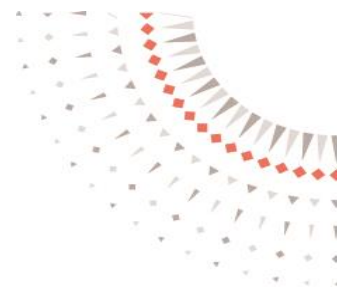


Financial Markets Daily



December 15, 2020

Main drivers for the financial markets today...

- Stock markets mixed, with Asia extending yesterday's weak sentiment in the US due to new COVID-19 restrictions. Meanwhile, in Europe and S&P500 futures there is optimism due to advances on Brexit, fiscal stimulus in the US, and positive data on China. Few changes in the USD and in government bond yields
- It is expected that an agreement over the next round of fiscal stimulus in the US can be reached today, with Senate leaders scheduled to take press conferences later. The most likely package would amount to US\$748 billion, leaving aside some of the most controversial points such as local aid for states and liability protections for businesses
- On Brexit, the EU's chief negotiator, Michel Barnier, mentioned that he sees a possible solution that might result in an agreement. This comes down mainly to two issues: fishing rights and a regulatory leveled playing field
- Regarding the virus, restrictions continue to rise globally, with relevant lockdowns in Germany and the Netherlands, as well as London. Meanwhile, in the US the vaccination of medical personal and other vulnerable groups started yesterday
- In China, November's activity data were in line with expectations, with a 7.0% y/y expansion in industrial production and a 5.0% increase in retail sales. This suggests that activity in the last quarter of the year will be positive
- In the US we will be looking into the release of December's Empire Manufacturing and November's industrial production, expecting a 0.4% m/m increase in the latter. In Mexico, Congress holds its last session of the year, with attention on the discussion of amendments to Banxico's Law

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
2:00	Unemployment rate* - Oct	%	--	5.1	4.8
Brazil					
6:00	COPOM minutes	%			
United States					
8:30	Empire manufacturing* - Dec	index	6.3	7.0	6.3
9:15	Industrial production* - Nov	% m/m	0.4	0.3	1.1
9:15	Manufacturing* - Nov	% m/m	0.3	0.3	1.0
Mexico					
10:00	International reserves - Dec 11	US\$bn	--	--	194.4
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 10-y Mbono (May'31) and 1, 3, 5-y Bondes D				

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	3,664.50	0.7%
Euro Stoxx 50	3,518.06	0.4%
Nikkei 225	26,687.84	-0.2%
Shanghai Composite	3,367.23	-0.1%
Currencies		
USD/MXN	20.17	-0.4%
EUR/USD	1.21	-0.1%
DX	90.69	0.0%
Commodities		
WTI	47.28	0.6%
Brent	50.57	0.6%
Gold	1,847.64	1.1%
Copper	354.00	0.4%
Sovereign bonds		
10-year Treasury	0.90	1pb

Source: Bloomberg

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Equities

- Mixed movements in equity markets as investors react, on the one hand, to advances in the application of vaccines and the possibility of a fiscal stimulus in the US, and on the other hand, they weigh greater restrictions due to the increase in COVID-19 cases globally and are attentive to the negotiations on a possible Brexit with an agreement
- In Asia most markets closed negative. In Europe stocks are mixed, though the Euro Stoxx adds 0.4%. Shares from financial and technology sectors lead gains, while those from the utilities and real state superhead losses. In turn, in the US the futures of main indices point to a higher open by rising 0.6% on average
- Amx announced that its Brazilian subsidiary, Claro, jointly with Telefonica and TIM, was declared winner for the acquisition of OI's mobile business, which has a positive connotation given the potential synergies

Sovereign fixed income, currencies and commodities

- Few variations in sovereign bond's activity depicting a modestly stronger performance for European securities with gains of 1bp, while US Treasuries experience pressures of 1bp. Yesterday, the Mbonos curve started the week with a 2bps rally
- The FX space trades under narrow ranges for G10 currencies and a relatively stronger balance in EM pairs, resulting in slightly weaker USD indices. In EM, BRL leads the gains (+0.6%), while USD/MXN appreciates 0.4% to 20.17 after a 0.6% sell-off yesterday
- Crude oil trades stable despite new cuts to demand estimates from OPEC and the IEA, with the market also focused on possible production adjustments starting in January from OPEC+. Precious metals rise with gains of as much as 1.5% in silver, with industrials mixed

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	29,861.55	-0.6%
S&P 500	3,647.49	-0.4%
Nasdaq	12,440.04	0.5%
IPC	43,569.84	-0.1%
Ibovespa	114,611.10	-0.4%
Euro Stoxx 50	3,503.96	0.5%
FTSE 100	6,531.83	-0.2%
CAC 40	5,527.84	0.4%
DAX	13,223.16	0.8%
Nikkei 225	26,732.44	0.3%
Hang Seng	26,389.52	-0.4%
Shanghai Composite	3,369.12	0.7%
Sovereign bonds		
2-year Treasuries	0.12	0pb
10-year Treasuries	0.89	0pb
28-day Cetes	4.25	-1pb
28-day TIIE	4.47	0pb
2-year Mbono	4.44	-1pb
10-year Mbono	5.70	-2pb
Currencies		
USD/MXN	20.24	0.6%
EUR/USD	1.21	0.3%
GBP/USD	1.33	0.8%
DXY	90.71	-0.3%
Commodities		
WTI	46.99	0.9%
Brent	50.29	0.6%
Mexican mix	45.84	0.7%
Gold	1,827.35	-0.7%
Copper	352.65	0.0%

Source: Bloomberg

Corporate Debt

- Today the auction for Corpovael's green bond, CADU 20V, is expected for an amount of MXN 500 million, with the option to increase the amount in MXN 150 million. The issuance will pay a fixed rate with a 7-year term. The bond will be guaranteed at 50% by IDB Invest (25%) and Sociedad Hipotecaria Federal (25%)
- Notice of total early amortization of the Infonavit RMBS, CEDEVIS 10-4U, on December 21st for MXN 531 million
- PCR Verum ratified Sofoplus's long- and short-term ratings at 'A/M' with a Stable outlook and '1/M', respectively
- HR Ratings affirmed the ratings for Dalton Efectivo Sefuro's ABS DESCB 18 at 'HR AAA' with a Stable outlook

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, Juan Barbier Arizmendi, and Eridani Ruibal Ortega, 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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