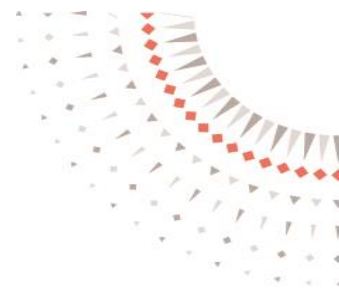


# Financial Markets Daily



December 18, 2020

## Main drivers for the financial markets today...

- Stock markets mixed, with S&P futures and government bond yields showing mixed changes while the dollar recovers, with investors cautious as they hope an agreement is reached on new fiscal stimulus in the US and Brexit talks continue
- High volatility is expected in today's trading session as we are on Quadruple Witching Day, also coinciding with the rebalancing of the S&P500, in which Tesla shares will be included to the benchmark index
- With few economic data, attention will be on comments by Fed member Lael Brainard and Colombia's monetary policy decision
- Regarding COVID-19, the FDA could approve as soon as today the vaccine developed by Moderna, following a favorable review by an expert panel. With this, the shot would join the one developed by Pfizer and BioNTech for emergency use
- In the UK, retail sales fell 3.8% m/m in November, with the economy impacted by new stay-at-home restrictions due to the rise in COVID-19 cases
- In Mexico, INEGI published aggregate demand and supply for 3Q20, standing at -11.4% y/y. Within, consumption (-12.7%), investment (-18.0%) and imports (-18.7%) remained weak, with exports (-2.7%) better due to external demand strength

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
4:00	IFO Survey (business climate)* - Dec	index	--	90.0	90.7
4:00	EZ Current account* - Oct	EURmn	--	--	25.2
<b>Mexico</b>					
7:00	Aggregate supply and demand - 3Q20	% y/y	-10.5	--	-21.6
<b>Colombia</b>					
	Monetary policy decision (BanRep)	%	--	1.75	1.75

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

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*This is the last edition of the year. We will resume our publications on January 11, 2021  
We wish you a Merry Christmas and a Happy New Year.*

## A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	3,717.00	0.1%
Euro Stoxx 50	3,572.38	0.3%
Nikkei 225	26,763.39	-0.2%
Shanghai Composite	3,394.90	-0.3%
<b>Currencies</b>		
USD/MXN	19.82	0.0%
EUR/USD	1.23	-0.1%
DX	89.92	0.1%
<b>Commodities</b>		
WTI	48.31	-0.1%
Brent	51.39	-0.2%
Gold	1,887.76	0.1%
Copper	362.00	0.6%
<b>Sovereign bonds</b>		
10-year Treasury	0.93	0pb

Source: Bloomberg

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### Equities

- We conclude the week with mixed movements in stock markets while attention continues in stimuli package in the US and Brexit talks. Futures in the US with small changes, while the S&P500 trades 0.1% above its theoretical value
- Today is the last *Quadruple Witching Day* of the year. Also, S&P500 quarterly rebalancing is expected, so expect high volatility particularly in the last hours of the trading session. Tesla shares will be added in substitution of *Apartment Investment and Management Co*, being the company with the highest market cap in history at the time of its inclusion
- Asia closed with almost widespread losses, while Europe trades positive, with mining and telecom sectors leading the hikes

### Sovereign fixed income, currencies and commodities

- Modestly negative performance in sovereign bonds, registering adjustments of 1-2bps in Europe with a mixed session under narrow ranges for Asia/Pacific, while US Treasuries pressure by 1bp in the long-end. Yesterday, the Mbonos curve rallied 3bps, on average
- The USD experiences a slightly positive bias after weakening throughout all the week, with GBP (-0.4%) underperforming a negative bias in G10 currencies. For EM, RUB (-0.9%) stands as the weakest, where the MXN trades near yesterday's close at 19.82 per dollar
- Crude oil trades stable heading for its seventh positive week, reaching fresh highs since February for WTI close to 48 US\$/bbl, supported by the optimism on recovery and stimulus. In metals, industrials trade positive with copper up by 1%, while precious stand mixed

### Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	30,303.37	0.5%
S&P 500	3,722.48	0.6%
Nasdaq	12,764.75	0.8%
IPC	44,326.05	1.2%
Ibovespa	118,400.60	0.5%
Euro Stoxx 50	3,560.87	0.5%
FTSE 100	6,551.06	-0.3%
CAC 40	5,549.46	0.0%
DAX	13,667.25	0.7%
Nikkei 225	26,806.67	0.2%
Hang Seng	26,678.38	0.8%
Shanghai Composite	3,404.87	1.1%
<b>Sovereign bonds</b>		
2-year Treasuries	0.12	1pb
10-year Treasuries	0.93	2pb
28-day Cetes	4.27	4pb
28-day TIE	4.50	0pb
2-year Mbono	4.41	0pb
10-year Mbono	5.61	-6pb
<b>Currencies</b>		
USD/MXN	19.82	-0.2%
EUR/USD	1.23	0.6%
GBP/USD	1.36	0.6%
DX	89.82	-0.7%
<b>Commodities</b>		
WTI	48.36	1.1%
Brent	51.50	0.8%
Mexican mix	46.96	1.1%
Gold	1,885.42	1.1%
Copper	360.15	1.2%

Source: Bloomberg

### Corporate Debt

- HR Ratings affirmed Future Flow GANACB 11U's rating at 'HR AAA (E)' with a Stable outlook, responding to the level of stress that the payment source is capable of withstanding
- HR Ratings affirmed HiTO's rating as a Master Asset Manager at 'HR AM1-' with a Stable outlook, based on the technological tools the company owns, considered outstanding
- Fibra Uno announced that it has repaid in full the amount withdrawn from its Sustainability-Related Revolving Line of Credit for a total amount of MXN 6.75 billion and US\$205 million

### 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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Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

### Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

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The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

### Guide for investment recommendations.

	Reference
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

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