

# Financial Markets Daily

October 28, 2021

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

- **Mixed stock markets, S&P Futures up, while the USD and the government bond yields post small changes with investors digesting good earnings reports, but acknowledging the headwinds to growth coming from inflationary pressures and disruptions in the supply chain, limiting the room for maneuver of central banks**
- **Attention on US 3Q21 GDP –with special emphasis on personal consumption, which we estimate will show a significant slowdown-. The consensus forecast for GDP is 2.6% saar, with consumption growing only 0.9% after a 12% advance in 2Q21. Also, jobless claims for the week ending October 23 will be released**
- **President Biden will have a meeting with Democrat leaders to continue negotiations on his economic agenda, given the recent impasse within his party**
- **In other regions, the most relevant is the ECB's monetary policy decision, where there were no changes in stance. The focus is now on Lagarde's press conference and December meeting where the announcement is expected of what will happen to the emergency asset purchase program (PEPP) after its expiration in March 2022**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	EZ Consumer confidence* - Oct (F)	index	--	--	-4.8
5:00	EZ Economic confidence* - Oct	index	--	116.8	117.8
5:00	Monetary policy decision (ECB)	%	0.00	0.00	0.00
8:00	GER Consumer prices - Oct (P)	% y/y	--	4.4	4.1
<i>United States</i>					
8:30	Initial jobless claims* - Oct 23	thousands	292	292	290
8:30	Gross domestic product** - 3Q21 (P)	% q/q	3.0	3.0	6.7
8:30	Personal consumption** - 3Q21 (P)	% q/q	2.0	0.7	12.0

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.
<i>Equity indices</i>		
S&P 500 Futures	4,557.25	0.3%
Euro Stoxx 50	4,231.80	0.3%
Nikkei 225	28,820.09	-1.0%
Shanghai Composite	3,518.42	-1.2%
<i>Currencies</i>		
USD/MXN	20.36	0.2%
EUR/USD	1.16	-0.1%
DX	93.78	0.0%
<i>Commodities</i>		
WTI	81.10	-1.9%
Brent	83.06	-1.8%
Gold	1,801.51	0.3%
Copper	444.10	1.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.55	1pb

Source: Bloomberg

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## Equities

- **Stock markets with mixed movements as investors digest a strong quarterly earnings season, while remaining cautious about inflationary pressures and economic slowdown. Today, 51 S&P500 companies are scheduled to report, highlighting Apple and Amazon, at market close**
- **In the US, the S&P500 futures trade at +0.3%, anticipating an upward opening. Meanwhile, in Europe, the Stoxx 600 gains 0.1%, supported by technology stocks. In Asia, markets closed lower. In Mexico, reports from Gap and Lacomer were positive, with solid growth, as well as Orbia, which raised its guidance, Gentera, with an accelerated recovery, and Chdraui, with stable margins. On the other hand, Lab, Kof and Cemex presented higher profitability pressures, the latter cutting its 2021e EBITDA guidance. Today we expect the figures from Ac, Alsea, Femsa, Pemex and Terra**

## Sovereign fixed income, currencies and commodities

- **Mixed balance in global rates with European securities adjusting +3bps. Meanwhile, US Treasuries print a +4bps sell-off in mid-term tenors, while long-term securities print gains of 2bps. In Mexico, the Mbonos' yield curve closed yesterday with an appreciation of 2bps, on average, with adjustments of up to -4bps in the long-end of the yield curve**
- **The USD trades fairly unchanged amid a modest positive performance in G10 where JPY leads gains (+0.2%). In the EM universe, bias is mixed with TRY as the weakest (-1.2%) and MXN trading at 20.33 per dollar (-0.1%), scoring three negative sessions in a row**
- **Crude-oil fell assimilating an increase in US inventories and the possibility that Iran may revive exports in the aftermath of restart negotiations on nuclear agreement. Widespread gains in metals with copper (+1.7%) and aluminum (+1.3%) outperforming**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,490.69	-0.7%
S&P 500	4,551.68	-0.5%
Nasdaq	15,235.84	0.0%
IPC	51,714.60	-0.9%
Ibovespa	106,363.10	-0.1%
Euro Stoxx 50	4,220.88	-0.1%
FTSE 100	7,253.27	-0.3%
CAC 40	6,753.52	-0.2%
DAX	15,705.81	-0.3%
Nikkei 225	29,098.24	0.0%
Hang Seng	25,628.74	-1.6%
Shanghai Composite	3,562.31	-1.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.50	6pb
10-year Treasuries	1.54	-7pb
28-day Cetes	4.92	-1pb
28-day TIE	5.00	0pb
2-year Mbono	6.74	0pb
10-year Mbono	7.55	-3pb
<i>Currencies</i>		
USD/MXN	20.31	0.5%
EUR/USD	1.16	0.1%
GBP/USD	1.37	-0.2%
DX	93.80	-0.2%
<i>Commodities</i>		
WTI	82.66	-2.4%
Brent	84.58	-2.1%
Mexican mix	77.47	-2.2%
Gold	1,796.81	0.2%
Copper	438.95	-2.2%

Source: Bloomberg

## Corporate Debt

- **HR Ratings downgraded DOIXCB 15 / 15U rating (Desarrolladora y Operadora de Infraestructura de Oaxaca FF) to 'HR B (E)' from 'HR A- (E)' and maintained the Negative Observation. According to the agency, the downgrade revision is based on the delay observed in the payment of the established monthly estimates**
- **HR Ratings ratified Grupo Comercial Chedraui's rating at 'HR AA +' and modified the Review in Process to a Stable outlook. According to the agency, the ratification and change of perspective is based on the solid generation of Free Cash Flow**
- **HR Ratings confirmed Montepío Luz Saviñón's rating at 'HR AA +' and modified the outlook to Positive from Stable. According to the agency, the modification is based on the adequate evolution shown in the financial situation of the Pawnbroker in the last 12 months**

## Certification of Analysts.

We, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Alik Daniel García Álvarez, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalia Orozco Vélez, Gerardo Daniel Valle Trujillo, 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
<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>

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