

Financial Markets Daily

November 5, 2021

Main drivers for the financial markets today...

- Stock markets mixed, with S&P500 futures higher, government bond yields down and USD up. Investors remain focused on the US nonfarm payrolls report, looking for clues about the next steps from the Fed, as fears about higher inflation relative to central banks' accommodative stance continue
- The US Lower House will vote today for president Biden's agenda, including the US\$1.75 trillion spending plan and an additional infrastructure program. The approval of the former is crucial for the plan to be sent to the Senate and advance the president's effort to expand "social infrastructure" and the fight against climate change
- Pfizer announced that their COVID-19 pill reduces hospitalizations and deaths in high-risk patients by 89%. Therefore, they plan to submit the findings to US regulatory authorities for emergency use as soon as possible
- Fed president Jerome Powell visited the White House yesterday. He will also meet with Democratic senators in his bid for a second term as Fed chair next year
- Germany's industrial production in September contracted 1.1% m/m, surprising to the downside after declining 3.5% in the previous month. This suggests that supply chain issues (e.g. semiconductors) are still affecting performance strongly
- According to a press report, president Biden and Chinese leader Xi Jinping will probably announce shortly the reopening of their consulates, signaling an effort to repair relations between both nations

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and Germany					
3:00	GER Industrial production* - Sep	% m/m	--	1.0	-4.0
6:00	EZ Retail sales* - Sep	% m/m	--	0.3	0.3
Mexico					
8:00	Consumer confidence - Oct	index	43.9	--	43.4
16:30	Survey of expectations (Citibanamex)				
United States					
8:30	Nonfarm payrolls* - Oct	thousands	350	450	194
8:30	Unemployment Rate* - Oct	%	4.7	4.7	4.8
15:00	Consumer credit* - Sep	US\$bn	--	16.1	14.4

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	4,683.25	0.2%
Euro Stoxx 50	4,362.34	0.7%
Nikkei 225	29,611.57	-0.6%
Shanghai Composite	3,491.57	-1.0%
Currencies		
USD/MXN	20.61	0.3%
EUR/USD	1.15	-0.1%
DX	94.51	0.2%
Commodities		
WTI	79.80	1.3%
Brent	81.31	1.0%
Gold	1,793.88	0.1%
Copper	431.40	-0.2%
Sovereign bonds		
10-year Treasury	1.52	0pb

Source: Bloomberg

Equities

- Mixed movements in stock markets, within earnings results that have surpassed expectations, and while futures in the US anticipate a positive opening, even after yesterday's new record highs, reacting to favorable non-farm payrolls figures
- Entering into the final stage of earnings season, we have ~88% of S&P500 results and a 41.8% earnings rise vs 28.3%e has been achieved. Positive surprise rate stands at 81.1%. Today we expect 6 companies to release its figures, standing out Semptra Energy and Dominion Energy
- In Mexico, the three airport groups released October passengers' traffic, standing out Asur and Gap surpassing pre-pandemic levels, while Oma showed a sustained recovery. In the meanwhile, Gentera will increase its share in ConCrédito, up to 74.9%, as it was previously informed

Sovereign fixed income, currencies and commodities

- European bonds gain, while US Treasuries temporally limit a similar opening session in the Americas following the NFP, with pressures of 2bps in the 2- and 5-year area. Yesterday's session supported by the BoE unchanged allowed a relevant breather for global rates with Treasuries rallying 6bps and Mbonos 12bps, on average
- The USD holds a positive bias against G10 currencies, although it moderates a stronger performance vs other EM pairs. USD/MXN trades at 20.52 from 20.64 before the US payrolls, gaining 0.1%. At these levels the peso heads for a slight weekly gain of 0.1%
- Crude oil positive with the market assimilating OPEC+ decision yesterday to rise production modestly under a backdrop of deficit balances. The US has signaled it will evaluate options to deal with higher prices. Metals with negative balance today

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	36,124.23	-0.1%
S&P 500	4,680.06	0.4%
Nasdaq	15,940.31	0.8%
IPC	51,873.46	0.0%
Ibovespa	103,412.10	-2.1%
Euro Stoxx 50	4,333.34	0.6%
FTSE 100	7,279.91	0.4%
CAC 40	6,987.79	0.5%
DAX	16,029.65	0.4%
Nikkei 225	29,794.37	0.9%
Hang Seng	25,225.19	0.8%
Shanghai Composite	3,526.87	0.8%
Sovereign bonds		
2-year Treasuries	0.42	-4pb
10-year Treasuries	1.53	-8pb
28-day Cetes	5.14	4pb
28-day TIIIE	4.98	-3pb
2-year Mbono	6.92	-9pb
10-year Mbono	7.46	-10pb
Currencies		
USD/MXN	20.54	0.0%
EUR/USD	1.16	-0.5%
GBP/USD	1.35	-1.4%
DX-Y	94.35	0.5%
Commodities		
WTI	78.81	-2.5%
Brent	80.54	-1.8%
Mexican mix	75.47	0.0%
Gold	1,792.04	1.3%
Copper	432.05	0.0%

Source: Bloomberg

Corporate Debt

- Montepío Luz Saviñón announced that it intends to early redeem its entire MONTPIO 17 issue on November 12, 2021, for the outstanding amount of MXN 500 million plus a MXN 2.5 million premium
- HR Ratings affirmed the rating for Vanrenta's ABS, VRTCB 20, at 'HR AA+ (E)' with a Stable outlook based on the Maximum Default the structure can support in a stress scenario, as well as a one-notch penalty linked to Vanrenta's primary administration capacity
- S&P Global assigned an 'mxAAA' rating to GM Financial de México's proposed unsecured note, GMFIN 21, for up to MXN 1.5 billion and a 2.5 year term. The ratings are based on the unconditional and irrevocable guarantee provided by its parent company, General Motors Financial Co.

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We, Alejandro Padilla Santana, 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 Thalía 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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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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