

# Financial Markets Daily

November 8, 2021

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

- Stock markets little changed, USD lower against EM and government bond yields higher, with investors waiting inflation data in various regions and its possible impact on global monetary policy. In this backdrop, we will watch closely today's speeches by Fed members, including president Powell, as well as Clarida, Harker, Bowman and Evans
- This week, market attention on October CPI data in the US, Mexico, China and Brazil. Moreover, monetary policy decisions by Banxico –we expect a 25bps hike to 5.00%, in a very difficult decision–, Peru and Thailand
- The conference on “*Diversity and Inclusion in Economics, Finance, and Central Banking*” will be held, with Powell from the Fed and Bailey of the BoE participating, among others. The ECB Forum on Banking Supervision will include a speech from Lagarde
- In other events, the Chinese Communist Party will meet, the Eurogroup will discuss the macro framework and inflation outlook, and the European Commission will update macroeconomic estimates
- In the US, the data agenda includes only November's University of Michigan confidence and initial jobless claims. We will also watch speeches by several Fed members. Markets will be closed on Thursday because of Veterans Day
- In Mexico, INEGI published August's gross fixed investment and private consumption, at 1.1% and -0.6% m/m, respectively. Releases include industrial production (Sep), sales by ANTAD, wage negotiations and jobs affiliated to IMSS (Oct)

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Mexico</b>					
7:00	Gross fixed investment - Aug	% y/y	11.8	12.4	15.7
7:00	Gross fixed investment* - Aug	% m/m	0.4	--	2.1
7:00	Private consumption - Aug	% y/y	--	--	11.9
7:00	Private consumption* - Aug	% m/m	--	--	0.1
<b>United States</b>					
9:00	Fed's Clarida speaks about the perspectives for monetary policy				
10:30	Powell to Make Opening Remarks at Fed Diversity Conference				
12:00	Fed's Harker speaks at the New York Economics Club				
12:00	Fed's Bowman talks about the economy and the housing market				
13:50	Fed's Evans speaks on wconomy and monetary policy				

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.
<b>Equity indices</b>		
S&P 500 Futures	4,692.75	0.1%
Euro Stoxx 50	4,357.97	-0.1%
Nikkei 225	29,507.05	-0.4%
Shanghai Composite	3,498.63	0.2%
<b>Currencies</b>		
USD/MXN	20.40	0.3%
EUR/USD	1.16	0.0%
DX	94.20	-0.1%
<b>Commodities</b>		
WTI	82.61	1.6%
Brent	83.88	1.4%
Gold	1,816.02	-0.1%
Copper	435.60	0.3%
<b>Sovereign bonds</b>		
10-year Treasury	1.48	3pb

Source: Bloomberg

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## Equities

- The week starts with mixed movements in stock markets, albeit moderate in magnitude, with investors focused on the evolution of inflationary pressures and the impact these could have on central bank's monetary policy
- US futures with small changes after all three major indices hit new all-time highs last Friday, and with the S&P500, trading marginally above its theoretical value. In Asia, the positive close in China contrasts with the decline observed in Japan and Hong Kong. Europe reflects marginal movements, where the rise in energy companies is offset by losses in the retail sector
- In the final stretch of the earnings season in the US, this week we only expect results from 13 companies in the S&P500, today with only 4, highlighting the figures of PayPal that will be published at the close of markets

## Sovereign fixed income, currencies and commodities

- Negative balance in global rates with European securities adjusting +2bps, on average. Meanwhile, US Treasuries print a 3bps sell-off in mid-term tenors. In Mexico, the Mbonos' yield curve flattened last week, averaging a 16bps rally with the 10-year benchmark closing at 7.27% (-22bps)
- USD slightly negative amid a mixed performance in G10 currencies, with NZD leading gains (+0.6%). In the EM universe, the bias is positive, with THB as the strongest (+0.8%) and MXN trading at 20.40 per dollar (-0.3%), after a 1.1% weekly appreciation
- Crude-oil advances amid limited global supply and low inventories as winter approaches. In addition, Saudi Arabia increased its prices. In metals, copper picks up 0.3%, nickel gains 0.1%, while gold trades at 1,816 \$/oz t (-0.1%)

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	36,327.95	0.6%
S&P 500	4,697.53	0.4%
Nasdaq	15,971.59	0.2%
IPC	51,977.96	0.2%
Ibovespa	104,824.20	1.4%
Euro Stoxx 50	4,363.04	0.7%
FTSE 100	7,303.96	0.3%
CAC 40	7,040.79	0.8%
DAX	16,054.36	0.2%
Nikkei 225	29,611.57	-0.6%
Hang Seng	24,870.51	-1.4%
Shanghai Composite	3,491.57	-1.0%
<b>Sovereign bonds</b>		
2-year Treasuries	0.40	-2pb
10-year Treasuries	1.45	-7pb
28-day Cetes	5.15	1pb
28-day TIE	4.99	1pb
2-year Mbono	6.83	-9pb
10-year Mbono	7.32	-14pb
<b>Currencies</b>		
USD/MXN	20.34	-1.0%
EUR/USD	1.16	0.1%
GBP/USD	1.35	0.0%
DXY	94.32	0.0%
<b>Commodities</b>		
WTI	81.27	3.1%
Brent	82.74	2.7%
Mexican mix	75.67	0.3%
Gold	1,818.36	1.5%
Copper	434.30	0.5%

Source: Bloomberg

## Corporate Debt

- This week we expect the auction of five long-term issuances from Montepío Luz Saviñón, Molibdenos y Metales and Engen Capital for up to MXN 5.5 billion
- HR Ratings affirmed the rating for CEGE Capital's ABS, CTIGOCB 20, at 'HR AA+ (E)' and changed the Negative Watch to Stable outlook based on the settlor's Primary Administrator rating movement
- S&P Global confirmed the rating for Invex Controladora and its outstanding unsecured notes at 'mxA-' and for Banco Invex at 'mxA+', revising the outlook to Positive from Stable. The outlook revision encompasses the gradual improvement in Grupo Invex' revenue diversification, that brings certain resilience and stability to the groups income

## Certification of Analysts.

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