

Financial Markets Daily

November 12, 2021

Main drivers for the financial markets today...

- **Mixed stock markets, government bond yields up & USD with small changes, digesting high CPI figures in several countries and challenges for monetary policy and the economic recovery worldwide. However, a strong earnings season is partially offsetting these fears**
- **Regarding economic figures, in the US, November's consumer sentiment will be released by the University of Michigan, where the most outstanding thing will be the evolution of inflation expectations. This in a context where inflationary pressures have been more persistent than anticipated and so far, the Fed is talking about expectations being well anchored. On the Fed speakers' agenda, Williams will talk about heterogeneity in the macroeconomy**
- **In the Eurozone, industrial production for September was published, showing a 0.2% m/m contraction, less pronounced than the 0.5% m/m decline estimated by the consensus. With this, the annual variation stood at 5.2%**
- **There are political tensions, in an environment where Iran demanded from the US some kind of guarantee that Biden and the next presidents will respect the 2015 nuclear deal. While the US warned its European allies that Russia might be planning to invade Ukraine**
- **In Mexico, IMSS will release October's formal employment figures**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Industrial production* - Sep	% m/m	--	-0.5	-1.6
<i>United States</i>					
10:00	U. of Michigan confidence* - nov (P)	index	70.0	72.5	71.7
12:10	Fed's Williams Discusses Heterogeneity in Macroeconomics				
<i>Mexico</i>					
13:00	Job creation of workers affiliated to IMSS - Oct	thousands	--	--	174.1

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	4,653.25	0.2%
Euro Stoxx 50	4,363.55	0.1%
Nikkei 225	29,609.97	1.1%
Shanghai Composite	3,539.10	0.2%
<i>Currencies</i>		
USD/MXN	20.69	0.3%
EUR/USD	1.15	0.0%
DX	95.14	0.0%
<i>Commodities</i>		
WTI	79.95	-2.0%
Brent	81.39	-1.8%
Gold	1,848.48	-0.7%
Copper	438.45	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.57	2pb

Source: Bloomberg

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Equities

- We conclude the week with mixed movements in the stock markets, while investors continue assimilating the high inflation figures that have been published during the week. Futures in the US anticipate a positive opening, with the S&P500 trading 0.2% above its theoretical value. Asia closed on the rise and Europe exhibits disparate variations
- At the end of the earnings season in the US, we have ~ 92% of the results of S&P500 companies and an increase in profits of 42.3% vs. 28.3% is accumulated, while positive surprises rate stands at 81.3%
- On other issues, MSCI announced the rebalancing of its global indices, effective as of the close of November 30, highlighting for Mexico, the reincorporation of ALFA, as we anticipated, which will be a short-term catalyst for the shares price

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign rates with European securities gaining ~1bp, while US Treasuries resume their trading after yesterday's holiday with pressures of 1-2bps following the adjustments related to greater inflation premiums. After Banxico and its 25bps hike yesterday, Mexican rates rallied sharply
- The USD trades relatively stable with a performance in G10 currencies highlighting losses in SEK (-0.4%) and GBP leading gains (+0.2%). In EM pairs, RUB heads the depreciation (-1%) while the MXN is the third weakest trading at 20.70 per dollar (-0.3%)
- Crude oil futures fall with WTI in its course for its third week of consecutive losses. In the last sessions the speculation about the use of the strategic reserves to moderate prices in the US has dominated the markets' narrative. Metals trade mostly with slight pressures

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,921.23	-0.4%
S&P 500	4,649.27	0.1%
Nasdaq	15,704.28	0.5%
IPC	51,707.00	0.0%
Ibovespa	107,594.70	1.5%
Euro Stoxx 50	4,358.00	0.2%
FTSE 100	7,384.18	0.6%
CAC 40	7,059.55	0.2%
DAX	16,083.11	0.1%
Nikkei 225	29,277.86	0.6%
Hang Seng	25,247.99	1.0%
Shanghai Composite	3,532.79	1.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.51	0pb
10-year Treasuries	1.55	0pb
28-day Cetes	5.04	-14pb
28-day TIIE	5.00	0pb
2-year Mbono	6.78	-19pb
10-year Mbono	7.27	-8pb
<i>Currencies</i>		
USD/MXN	20.64	0.0%
EUR/USD	1.15	-0.2%
GBP/USD	1.34	-0.2%
DXY	95.18	0.3%
<i>Commodities</i>		
WTI	81.59	0.3%
Brent	82.87	0.3%
Mexican mix	76.20	-0.1%
Gold	1,862.11	0.7%
Copper	439.35	1.7%

Source: Bloomberg

Corporate Debt

- Fitch Ratings affirmed Infonavit's RMBS (CEDEVIS, CDVITOT) and the issuance FHIPOCB 17's ratings at AAA (mex) with a Stable outlook. The agency noted that the rated transactions benefit from strong structural features in the form of credit enhancement that are sufficient to withstand the stresses related to the current rating level
- PCR Verum downgraded Grupo Gicsa and its issuances ratings to 'B/M' from 'A/M' and placed them in Negative Watch, reflecting the increasing pressures towards its liquidity position, in view of the null materialization so far of a refinancing plan
- Notice of partial early amortization of the DESCB 18 issuances (Dalton Efectivo Seguro ABS) on November 22 for MXN 33.5 million. Currently, the bond has an outstanding amount of MXN 140 million

Certification of Analysts.

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, 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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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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