

Financial Markets Daily

November 16, 2021

Main drivers for the financial markets today...

- **Mixed stock markets, government bond yields down and USD up with investors awaiting the White House decision on who will be next Federal Reserve chair as concerns continue over inflationary pressures and their implications for monetary policy**
- **The virtual summit between China and the US took place in a respectful and open tone, avoiding further confrontation, with the conversation focused on actions to facilitate long-term competition in a responsible manner between the two nations, though without specific outcomes**
- **In the US, figures related to consumption and manufacturing activity in October will be published. We estimate a 1.2% m/m increase in retail sales, accelerating its pace from the previous month, with the control group showing a 1.0% m/m advance. Meanwhile, industrial production will also be released. We estimate it at + 0.8% m/m, with manufacturing posting an increase of the same magnitude. Regarding the *Fed speakers* agenda, we highlight the interventions of Barkin, Bostic, George and Daly**
- **Meanwhile, in the Eurozone 3Q21 GDP was published, with a 2.2%q/q growth, in line with estimates, while the annual variation stood at 3.7%. According to the *Bloomberg News survey*, the region's economy will grow 0.7% q/q in 4Q21, below the 1.0% q/q increase estimated in the previous survey. With this, the economy will have grown 5.1% in 2021**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Advance retail sales* - Oct	% m/m	1.2	1.1	0.7
8:30	Ex autos & gas* - Oct	% m/m	--	0.5	0.7
8:30	Control group* - Oct	% m/m	1.0	0.9	0.8
9:15	Industrial production* - Oct	% m/m	0.8	0.8	-1.3
9:15	Manufacturing production* - Oct	% m/m	0.8	0.9	-0.7
12:00	Fed's Barkin, Bostic and George Discuss Racism and the Economy				
15:30	Fed's Daly gives speech at Commonwealth Club				
Mexico					
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 10-year Mbono (May'31); 3-year Udibono (Nov'23) and 1, 2, and 3-year Bondes F				

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	4,680.75	0.0%
Euro Stoxx 50	4,401.99	0.4%
Nikkei 225	29,808.12	0.1%
Shanghai Composite	3,521.79	-0.3%
<i>Currencies</i>		
USD/MXN	20.59	-0.2%
EUR/USD	1.14	0.0%
DX	95.53	0.1%
<i>Commodities</i>		
WTI	81.46	0.7%
Brent	82.83	1.0%
Gold	1,871.04	0.4%
Copper	440.40	0.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.61	-1pb

Source: Bloomberg

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Equities

- **Mixed movements in equity markets awaiting the announcement in the US of the next Fed chairman, in a context where investors are very attentive to the effects of inflationary pressures, which have been greater than estimated, in monetary policy decisions. Meanwhile, on the corporate front, retail companies Home Depot and Walmart released their quarterly results beating expectations**
- **In Asia the markets closed mixed. In Europe stocks advance, the Euro Stoxx adds 0.4%. Shares from energy and consumer discretionary sectors lead gains, while those from financials and technology show losses. In turn, in the US the futures of main indices point to a slightly positive open by rising 0.1% on average**
- **In Mexico operations will resume after yesterday's holiday and the Mexbol may stand around the 51,450 pts**

Sovereign fixed income, currencies and commodities

- **Gains in sovereign bonds with European assets adjusting -2bps on average, the US treasuries yield curve recorded gains of 1bp concentrated in the long-term tenors. Yesterday, the Mexican bond market was closed for the commemoration of the Anniversary of the Mexican Revolution.**
- **Dollar trades with positive bias (DXY +0.1%) while most G10 currencies post losses with NZD (-0.3%) as the weakest. In the EM group, performance is mixed, with HUF(+0.3%) and TYR(-1.5%) at the extremes. Meanwhile, USD/MXN appreciates 0.2% to 20.58**
- **Crude oil prices advance 0.5% on average with investors awaiting the IEA report as they digest comments from OPEC+ on the difficulties it would face to rapidly increase production. In metals, gold trades at 1,873 \$/oz t while the balance in industrials is positive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	36,087.45	0.0%
S&P 500	4,682.80	0.0%
Nasdaq	15,853.85	0.0%
IPC	51,432.54	0.0%
Ibovespa	106,334.50	0.0%
Euro Stoxx 50	4,386.19	0.4%
FTSE 100	7,351.86	0.1%
CAC 40	7,128.63	0.5%
DAX	16,148.64	0.3%
Nikkei 225	29,776.80	0.6%
Hang Seng	25,390.91	0.2%
Shanghai Composite	3,533.30	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.52	0pb
10-year Treasuries	1.61	5pb
28-day Cetes	5.06	0pb
28-day TIE	5.22	0pb
2-year Mbono	6.72	0pb
10-year Mbono	7.37	0pb
<i>Currencies</i>		
USD/MXN	20.63	0.5%
EUR/USD	1.14	-0.7%
GBP/USD	1.34	0.0%
DXY	95.41	0.3%
<i>Commodities</i>		
WTI	80.88	0.1%
Brent	82.05	-0.1%
Mexican mix	75.48	0.0%
Gold	1,862.84	-0.1%
Copper	440.30	-0.9%

Source: Bloomberg

Corporate Debt

- **For the rest of the month, less activity in the long-term corporate placements is expected, due to changes in dates; however, the banking market expects a high dynamism in auctions this week with up to MXN 14 billion to be issued, which could increase to more than MXN 25 billion if the maximum amounts are assigned, highlighting the presence of development (Nafin), private (Compartamos, Santander) and multilateral (Bladex) banks**
- **Grupo Aeroméxico reported that it received a joint proposal under Tranche 2 of its DIP Financing and from various existing creditors and new investors. The proposal is supported by Delta Air Lines (strategic partner) and, according to the statement, provides a viable solution to meet foreign investment requirements**

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 Thalía 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
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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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