

Financial Markets Daily

November 22, 2021

Main drivers for the financial markets today...

- **Stock markets positive, with government bond yields higher and the USD showing few changes given the possibility that the PBoC announces more accommodative measures, on top of favorable corporate news in that country. This is offsetting for fears of higher contagions in Europe and Asia**
- **Attention during the day will center on US existing home sales (Oct), Eurozone's consumer confidence (Nov) and the Citibanamex expectations survey in Mexico**
- **In Chile, results so far (91.5% of votes) show that a run-off will be needed for the presidential election, with the candidates facing being José Antonio Kast and Gabriel Boric. In other news, the Japanese government is getting ready to use its petroleum reserves in coming days –possibly in tandem with the US– to fight rising energy prices**
- **Investors' focus this week on November PMIs in the Eurozone, UK and the US. In monetary policy, we highlight the meeting minutes from the Fed, ECB and Banxico, as well as decisions in New Zealand, Korea and Sweden, among others. It is also expected that Joe Biden will announce his nomination for the next Fed chair before Thanksgiving (Nov 25th), when US equity and bond markets will be closed. We still believe that the current chair, Jerome Powell, will be elected for a second term**
- **In the US, the data agenda includes trade balance, personal income and spending, durable goods orders, PCE deflator (Oct), new home sales, University of Michigan confidence (Nov), initial jobless claims and 3Q21 GDP (2nd estimate)**
- **Going to other regions, we note the IFO survey for November and final 3Q21 GDP in Germany, along consumer confidence in the Eurozone and inflation in Brazil (Nov). In Mexico, releases include retail sales, IGAE (Sep), trade balance (Oct), inflation (1H-Nov), current account and final GDP (3Q21)**

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The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|----------------------|--------------------------------------|----------|---------|--------|----------|
| <i>United States</i> | | | | | |
| 10:00 | Existing home sales** - Oct | millions | -- | 6.2 | 6.3 |
| <i>Eurozone</i> | | | | | |
| 10:00 | Consumer confidence* - Nov (F) | index | -- | -5.5 | -4.8 |
| <i>Mexico</i> | | | | | |
| 15:30 | Survey of expectations (Citibanamex) | | | | |

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 | 4,709.50 | 0.3% |
| Euro Stoxx 50 | 4,348.16 | -0.2% |
| Nikkei 225 | 29,774.11 | 0.1% |
| Shanghai Composite | 3,582.08 | 0.6% |
| <i>Currencies</i> | | |
| USD/MXN | 20.89 | 0.3% |
| EUR/USD | 1.13 | -0.1% |
| DX | 96.13 | 0.1% |
| <i>Commodities</i> | | |
| WTI | 75.83 | -0.4% |
| Brent | 78.79 | -0.1% |
| Gold | 1,841.28 | -0.2% |
| Copper | 437.70 | -0.7% |
| <i>Sovereign bonds</i> | | |
| 10-year Treasury | 1.58 | 3pb |

Source: Bloomberg

Document for distribution among public

Equities

- We start the week with mixed movements in stock markets, although with positive bias, amid significant M&A activity globally and with news from China suggesting the possibility of more accommodative measures
- In the U.S., futures anticipate a positive opening, while major indices continue to set all-time highs, and with the S&P500 trading 0.3% above its theoretical value
- Asia closed mixed, highlighting the rise in China, with the Shanghai Comp gaining 0.6%, while Japan was little changed, with the Nikkei up 0.1%. Europe, on the other hand, shows moderate changes, while fears on rising infections continues, but with a lot of M&A activity such as Vonage Holdings who goes for Ericsson, and KKR & Co who offered for Telecom Italia

Sovereign fixed income, currencies and commodities

- Pressures at the beginning of the week in sovereign bonds with European rates adjusting ~2bps, while the US Treasuries' curve steepens experiencing a 3bps sell-off starting at the 2-year tenor. Mbonos sold-off last week 12bps, on average, with the long-end underperforming
- Mixed performance in currencies resulting in a slightly stronger USD and extending the rise of last week which joined the rally of the 3 previous weeks. In EM FX, CLP outperforms rallying 3%, while the MXN depreciates 0.3% to 20.89 per dollar
- Oil trades stable following four weeks of consecutive losses with the market focused on the possible release of strategic oil reserves from several countries to moderate prices, in the midst of new virus' restrictions that could weigh in global demand. Metals mixed trading within relatively narrow ranges

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| <i>Equity indices</i> | | |
| Dow Jones | 35,601.98 | -0.7% |
| S&P 500 | 4,697.96 | -0.1% |
| Nasdaq | 16,057.44 | 0.4% |
| IPC | 50,811.30 | 0.0% |
| Ibovespa | 103,035.00 | 0.6% |
| Euro Stoxx 50 | 4,356.47 | -0.6% |
| FTSE 100 | 7,223.57 | -0.4% |
| CAC 40 | 7,112.29 | -0.4% |
| DAX | 16,159.97 | -0.4% |
| Nikkei 225 | 29,745.87 | 0.5% |
| Hang Seng | 25,049.97 | -1.1% |
| Shanghai Composite | 3,560.37 | 1.1% |
| <i>Sovereign bonds</i> | | |
| 2-year Treasuries | 0.51 | 0pb |
| 10-year Treasuries | 1.55 | -4pb |
| 28-day Cetes | 5.06 | 1pb |
| 28-day TIE | 5.24 | 0pb |
| 2-year Mbono | 6.84 | 0pb |
| 10-year Mbono | 7.48 | -1pb |
| <i>Currencies</i> | | |
| USD/MXN | 20.83 | 0.2% |
| EUR/USD | 1.13 | -0.7% |
| GBP/USD | 1.35 | -0.3% |
| DXY | 96.03 | 0.5% |
| <i>Commodities</i> | | |
| WTI | 76.10 | -3.7% |
| Brent | 78.89 | -2.9% |
| Mexican mix | 73.97 | 0.0% |
| Gold | 1,845.73 | -0.7% |
| Copper | 439.60 | 2.1% |

Source: Bloomberg

Corporate Debt

- This week we expect the auction of up to MXN 2.6 billion in the long-term corporate debt market through two unsecured green bonds from Fibra Shop (FSHOP 21V / 21UV) and a structured bond (ABS) from Fin Útil, backed by a credit portfolio (FUTILCB 21)
- Also, this week we expect the auction of two banking bonds from Banco Santander México, BSMX 21 / 21-2, for a target amount of MXN 5.0 billion (max. MXN 10.0 billion)
- Grupo Rotoplas announced the agreement to acquire a minority stake in Banyan Water, a tech company that uses the power of data and analytics to deliver water savings & relevant metrics to its customers in the US

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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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|-------------|--|
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