

# Financial Markets Daily

November 23, 2021

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

- Stock markets negative, government bond yields and USD higher with greater conviction on possible hikes from the Fed in 2022 after Jerome Powell's nomination for a second term as Chair. The currency crisis in Turkey worsens as President Erdogan defends lower rates. Crude trades mixed given a coordinated release of reserves
- On oil, the US announced the release of 50 million barrels from the strategic reserve in a coordinated action with China, India, Japan, United Kingdom and South Korea
- On data, November's PMIs in the Eurozone were better relative to both expectations and previous data, highlighting the composite indicator at 55.8pts, which provides some relief considering that epidemiological conditions have worsened significantly in the region. In this context, we will be looking into the release of this figures later today in the US, which are expected to accelerate at the margin
- In Mexico, September's retail sales grew 0.2% m/m (+5.9% y/y), with mixed results inside as 3 out of the 9 components declined
- On the virus, CDC data shows that vaccines are not preventing infections at the pace they used to do, which could result in the reintroduction of some distancing measures in the US. Meanwhile, German authorities are not ruling out a new lockdown to curb contagions

**Alejandro Padilla**

Chief Economist and

Head of Research

alejandro.padilla@banorte.com

**Juan Carlos Alderete Macal, CFA**

Director of Economic Research

juan.alderete.macal@banorte.com

**Manuel Jiménez**

Director of Market Strategy

manuel.jimenez@banorte.com



[www.banorte.com](http://www.banorte.com)



@analisis\_fundam

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
4:00	Manufacturing PMI (Markit)* - Nov (P)	index	--	57.3	58.3
4:00	Services PMI (Markit)* - Nov (P)	index	--	53.5	54.6
<b>Mexico</b>					
7:00	Retail sales - Sep	% y/y	6.8	5.7	7.2
7:00	Retail sales* - Sep	% m/m	0.7	0.5	0.0
10:00	International reserves - Nov 19	US\$bn	--	--	198.8
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'27); 10-year Udibono (Nov'31) and 5-year Bondes F				
<b>United States</b>					
9:45	Manufacturing PMI (Markit)* - Nov (P)	index	59.3	59.1	58.4
9:45	Services PMI (Markit)* - Nov (P)	index	59.2	59.0	58.7
9:45	Composite PMI (Markit)* - Nov (P)	index	--	--	57.6

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	4,676.25	-0.1%
Euro Stoxx 50	4,313.20	-0.6%
Nikkei 225	29,774.11	0.0%
Shanghai Composite	3,589.09	0.2%
<b>Currencies</b>		
USD/MXN	21.16	0.7%
EUR/USD	1.13	0.1%
DX	96.57	0.0%
<b>Commodities</b>		
WTI	76.25	-0.7%
Brent	79.70	0.0%
Gold	1,788.30	-0.9%
Copper	440.90	0.3%
<b>Sovereign bonds</b>		
10-year Treasury	1.66	4pb

Source: Bloomberg

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## Equities

- Negative bias in stock markets, while investors assimilate the continuity of Jerome Powell as head of the Fed, and with close attention to next steps on monetary policy to be implemented, with the expectation rate hikes earlier than expected
- In the U.S., futures anticipate a marginally downward opening, with the S&P500 trading just below its theoretical value, while we observe profit takings on different fronts, highlighting those observed in technology sector stocks
- Asia closed mixed, albeit reflecting marginal variations, with Japan closed for a holiday, while the Shanghai index in China was 0.2% up, and the Hang Seng in Hong Kong fell 1.2%. Europe shows widespread losses, given the rise in infections and the expectation of less stimulus

## Sovereign fixed income, currencies and commodities

- Widespread pressures in sovereign bonds with European securities adjusting ~4bps, while the US Treasuries' curve extends yesterday's pressures, averaging an adjustment of 4bps. The Mbono's yield curve closed yesterday with a sell-off of 11bps, on average
- The USD strengthens amid a negative bias in most of G10 currencies, while in the EM FX space performance is also negative and considers a depreciation of up to 12% in the day for the Turkish lira. The Mexican peso is the second weakest of the group, trading with a 0.7% loss at 21.16 per dollar
- Crude oil limits greater losses in the day as details are being reported about the coordinated strategy of crude oil reserves between several countries, with eyes now on OPEC+ and its meeting next week. The group could adjust their productions as a reply

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	35,619.25	0.0%
S&P 500	4,682.94	-0.3%
Nasdaq	15,854.76	-1.3%
IPC	50,497.08	-0.6%
Ibovespa	102,122.40	-0.9%
Euro Stoxx 50	4,338.69	-0.4%
FTSE 100	7,255.46	0.4%
CAC 40	7,105.00	-0.1%
DAX	16,115.69	-0.3%
Nikkei 225	29,774.11	0.1%
Hang Seng	24,951.34	-0.4%
Shanghai Composite	3,582.08	0.6%
<b>Sovereign bonds</b>		
2-year Treasuries	0.58	8pb
10-year Treasuries	1.62	8pb
28-day Cetes	5.04	-2pb
28-day TIIE	5.24	0pb
2-year Mbono	6.91	7pb
10-year Mbono	7.59	11pb
<b>Currencies</b>		
USD/MXN	21.00	0.8%
EUR/USD	1.12	-0.5%
GBP/USD	1.34	-0.4%
DXY	96.55	0.5%
<b>Commodities</b>		
WTI	76.75	0.9%
Brent	79.70	1.0%
Mexican mix	73.97	0.0%
Gold	1,804.65	-2.2%
Copper	439.65	0.0%

Source: Bloomberg

## Corporate Debt

- Fibra Mty announced the acquisition of an industrial property in Nuevo León for an amount US\$ 20.4 million. The issuer is rated 'AA (mex)' and 'HR AA' by Fitch Ratings and HR Ratings
- HR Ratings ratified IPORCB 19 / 19U (Operadora Metropolitana de Carreteras FF) issuances ratings at 'HR AAA (E)' and modified the Negative Observation to a Stable outlook. According to the agency, the ratification of the rating is based on the level of stress that the source of payment is able to withstand
- S&P Global Ratings revised Grupo Herdez's outlook to Stable from Negative; confirmed ratings at 'mxAA'. According to the agency, in the next 12 months, they expect the company to implement various measures to raise its profitability levels

## 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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	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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**GRUPO FINANCIERO BANORTE S.A.B. de C.V.**

**Research and Strategy**

<b>Alejandro Padilla Santana</b>	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
<b>Raquel Vázquez Godínez</b>	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
<b>Itzel Martínez Rojas</b>	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
<b>Lourdes Calvo Fernandez</b>	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

**Economic Research**

<b>Juan Carlos Alderete Macal, CFA</b>	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
<b>Francisco José Flores Serrano</b>	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
<b>Katia Celina Goya Ostos</b>	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
<b>Luis Leopoldo López Salinas</b>	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

**Market Strategy**

<b>Manuel Jiménez Zaldivar</b>	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
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**Fixed income and FX Strategy**

<b>Santiago Leal Singer</b>	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
<b>Leslie Thalía Orozco Vélez</b>	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

**Equity Strategy**

<b>Marissa Garza Ostos</b>	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
<b>José Itzamna Espitia Hernández</b>	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
<b>Víctor Hugo Cortés Castro</b>	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800

**Corporate Debt**

<b>Hugo Armando Gómez Solís</b>	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
<b>Gerardo Daniel Valle Trujillo</b>	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

**Economic Studies**

<b>Miguel Alejandro Calvo Domínguez</b>	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220
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**Wholesale Banking**

<b>Armando Rodal Espinosa</b>	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
<b>Alejandro Aguilar Ceballos</b>	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
<b>Alejandro Eric Faesi Puente</b>	Head of Global Markets and Institutional Sales	alejandro.faesil@banorte.com	(55) 5268 - 1640
<b>Alejandro Frigolet Vázquez Vela</b>	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
<b>Arturo Monroy Ballesteros</b>	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
<b>Carlos Alberto Arciniega Navarro</b>	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
<b>Gerardo Zamora Nanez</b>	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
<b>Jorge de la Vega Grajales</b>	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
<b>Luis Pietrini Sheridan</b>	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
<b>Lizza Velarde Torres</b>	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
<b>Osvaldo Brondo Menchaca</b>	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
<b>Raúl Alejandro Arauzo Romero</b>	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
<b>René Gerardo Pimentel Ibarrola</b>	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
<b>Ricardo Velázquez Rodríguez</b>	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
<b>Víctor Antonio Roldan Ferrer</b>	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454