

Financial Markets Daily

November 24, 2021

Main drivers for the financial markets today...

- **Negative stock markets, government bond yields mixed and USD up with investors concerned about rising infections, inflationary pressures that appear less transitory and lower-than-expected corporate earnings results while awaiting economic data in the US**
- **Attention is on the release of the last FOMC's meeting minutes. We consider relevant the fact that there could be signs of how willing they are to accelerate the rate of reduction of asset purchases, which could open the possibility of starting the rate hike cycle earlier**
- **The agenda of economic figures in the US includes jobless claims, 3Q21 GDP revision, durable goods orders, personal income and consumption, PCE deflator, new home sales and University of Michigan's consumer sentiment. Regarding the GDP revision, in the preliminary report an annualized quarterly growth of only 2% was observed, with an advance of private consumption of 1.6%. We estimate that the review will show a growth of 2.2%, without changes in the advance of consumption previously released**
- **In Mexico, INEGI published 1H-November's inflation at 0.69% 2w/2w, once again surprising higher. The core came in at 0.15% 2w/2w. With these results, annual inflation came in at 7.05% (previous: 6.36%), with the core at 5.53% (previous: 5.26%)**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Consumer prices - Nov 15	% 2w/2w	0.49	0.52	0.38
7:00	Core - Nov 15	% 2w/2w	0.07	0.07	0.20
7:00	Consumer prices - Nov 15	% y/y	6.83	6.88	6.36
<i>United States</i>					
8:30	Initial jobless claims* - Nov 19	thousands	263	261	268
8:30	Gross domestic product** - 3Q21	% q/q	2.2	2.2	2.0
8:30	Personal consumption** - 3Q21	% q/q	1.6	1.6	1.6
8:30	Durable goods orders* - Oct (P)	% m/m	--	0.2	-0.3
10:00	Personal income* - Oct	% m/m	--	0.2	-1.0
10:00	Real personal spending* - Oct	% m/m	0.4	0.5	0.3
10:00	PCE Deflator - Oct	% y/y	--	5.1	4.4
10:00	Core - Oct	% y/y	--	4.1	3.6
14:00	FOMC Meeting Minutes				

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	4,674.00	-0.3%
Euro Stoxx 50	4,272.41	-0.3%
Nikkei 225	29,302.66	-1.6%
Shanghai Composite	3,592.70	0.1%
<i>Currencies</i>		
USD/MXN	21.27	0.2%
EUR/USD	1.12	-0.3%
DX-Y	96.75	0.3%
<i>Commodities</i>		
WTI	78.58	0.1%
Brent	82.27	0.0%
Gold	1,785.48	-0.2%
Copper	445.10	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.66	-1pb

Source: Bloomberg

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Equities

- **Negative bias in equity markets as investors are nervous due to the persistent expectation that a rate hike may happen sooner than anticipated, affecting technology stocks with stretched valuations, amid an increase in COVID-19 cases that could lead to more restrictive measures and partial lockdowns in more countries in Europe. In turn, on the corporate front, shares of retailers Gap and Nordstrom fall significantly in premarket trading after both companies reported earnings below expectations**
- **In Asia the markets closed mixed. In Europe most stocks drop, the Euro Stoxx decreases 0.3%. Shares from technology and consumer staples sectors superhead losses, while those from utilities and financials lead gains. In turn, in the US the futures of main indices point to a negative open by falling 0.4% on average**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds with most European assets adjusting +2bp while the US Treasuries curve shows gains of 1bp and the 10-year note trades at 1.66%. Yesterday, the Mbonos' curve recorded pressures of 12bps on average with the 10yr benchmark closing at 7.74% (+15bps)**
- **USD extends yesterday's gains (DXY +0.2%) with most G10 currencies in negative territory, except JPY due to its safe haven nature while NZD (-0.7%) is the weakest. In the EM group, performance is mixed with TRY (+4.9%) bouncing back after yesterday's sharp drop. Meanwhile, USD/MXN depreciates 0.2% to 21.26**
- **Crude oil prices trade with slight losses as they digest the increase in API inventories and await EIA data. In metals, gold trades at 1,787 US\$/oz t while industrials trade with positive bias**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,813.80	0.5%
S&P 500	4,690.70	0.2%
Nasdaq	15,775.14	-0.5%
IPC	51,116.32	1.2%
Ibovespa	103,653.80	1.5%
Euro Stoxx 50	4,283.82	-1.3%
FTSE 100	7,266.69	0.2%
CAC 40	7,044.62	-0.8%
DAX	15,937.00	-1.1%
Nikkei 225	29,774.11	0.0%
Hang Seng	24,651.58	-1.2%
Shanghai Composite	3,589.09	0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	0.61	3pb
10-year Treasuries	1.67	4pb
28-day Cetes	5.05	1pb
28-day TIE	5.24	0pb
2-year Mbono	7.03	12pb
10-year Mbono	7.72	13pb
<i>Currencies</i>		
USD/MXN	21.22	1.1%
EUR/USD	1.12	0.1%
GBP/USD	1.34	-0.1%
DXY	96.49	-0.1%
<i>Commodities</i>		
WTI	78.50	2.3%
Brent	82.31	3.3%
Mexican mix	73.97	0.0%
Gold	1,789.16	-0.9%
Copper	442.40	0.6%

Source: Bloomberg

Corporate Debt

- **América Móvil informed that it had concluded the sale of 100% of its participation in Tracfone Wireless, Inc., the largest virtual operator of prepaid mobile services in the US, to Verizon Communications Inc. América Móvil received the amount of US\$ 3.62 billion in cash and 57,596,544 Verizon shares**
- **HR Ratings ratified CSBCB 17 (Consubanco's ABS) rating at 'HR AAA (E)' with a stable outlook after the changes approved by the Bondholders Meeting that include the modification of the annualized inflation formula**
- **HR Ratings ratified FHIPOCB 17U (FHipo's RMBS) rating at 'HR AAA (E)' with a stable outlook. According to the agency, the ratification is based on the Maximum Default that supports the issuance under a stress scenario of 31.3%**

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
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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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