

Financial Markets Daily

November 25, 2021

Main drivers for the financial markets today...

- **Positive stock markets, government bond yields and dollar slightly lower, amid evidence of economic recovery in the US and a plan for larger investments in the states by China, offsetting fears of inflationary pressures, rebound in COVID19 cases in Europe and hawkish minutes from the Federal Reserve. In the US markets closed for Thanksgiving**
- **The ECB released its last meeting minutes in which it was clear that they are willing to end the PEPP emergency asset purchase program in March 2022**
- **In Mexico, attention on the release of Banxico's last meeting minutes. Regarding economic figures, INEGI published 3Q21 final GDP, posting a 0.4% q/q expansion (preliminary: -0.2%). In annual terms (nsa) activity stood at 4.5 % (preliminary: 4.6%), still boosted by a relatively favorable base. By sectors, primary activities rose 1.3% q/q (+6.7% y/y), with industry at +0.3% q/q (+5.0% y/y), and services at -0.9% q/q (+4.2% y/y), with the latter two revised down relative to the preliminary prin**
- **INEGI also released September's GDP-proxy IGAE, falling 0.4% m/m (+0.9% y/y). By sectors, all components were lower, with services at -0.3% and industry falling 1.4%, after recent dynamism. Primary activities plunged 1.4%**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
	Markets closed due to Thanksgiving holiday				
Germany					
2:00	Gross domestic product* - 3Q21 (F)	% q/q	--	1.8	1.8
Eurozone					
7:30	ECB minutes				
Brazil					
7:00	Consumer prices - Nov	% 2w/2w	--	1.11	1.20
7:00	Consumer prices - Nov	% y/y	--	10.66	10.34
Mexico					
7:00	Gross domestic product* - 3Q21 (F)	% q/q	4.5	4.5	4.6
7:00	Gross domestic product - 3Q21 (F)	% y/y	-0.3	-0.3	-0.2
7:00	Global economic activity indicator (IGAE) - Sep	% y/y	1.4	2.3	4.3
7:00	Global economic activity indicator (IGAE)* - Sep	% m/m	-0.6	0.3	-1.6
10:00	Current account - 3Q21	US\$bn	--	-4.9	6.3
10:00	Banxico's 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	4,707.25	0.2%
Euro Stoxx 50	4,284.55	0.2%
Nikkei 225	29,499.28	0.7%
Shanghai Composite	3,584.18	-0.2%
<i>Currencies</i>		
USD/MXN	21.51	0.4%
EUR/USD	1.12	0.2%
DX	96.72	-0.2%
<i>Commodities</i>		
WTI	78.27	-0.2%
Brent	82.28	0.0%
Gold	1,790.56	0.1%
Copper	447.60	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	1.63	0pb

Source: Bloomberg

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Equities

- **Mixed movements, with positive bias, in equity markets as investors react to data that signals a solid recovery in the US, while they continue to monitor the situation in Europe due to the increase in coronavirus infections and digest the Fed minutes that open the possibility of a quicker removal of stimulus if necessary. In turn, in the US there will be no activity due to Thanksgiving Day, which will affect traded volume in other markets**
- **In Asia the markets closed mixed. In Europe stocks advance, the Euro Stoxx adds 0.2%. Shares from utilities and real estate sectors lead gains, while those from health care and energy superhead losses**
- **In Mexico, the Mexbol may stand above the 50,900 pts**

Sovereign fixed income, currencies and commodities

- **Lower trading volume in sovereign bonds due to the US holiday. European assets trade with gains of 1bp. In the local market, the Mbonos' curve reversed the initial losses ending with gains of 1bp on average, the Mbono May'31 closed at 7.73% (-1bp)**
- **Moderate weakness in the dollar with the DXY adjusting -0.2% while G10 currencies shows mixed performance with SEK (+0.5%) and NZD (-0.4%) at the extremes. In the EM group the dynamics are similar, HUF (+0.6%) leads the upsides while TRY (-0.4%) is the weakest. The USD/MXN depreciates 0.2% to 21.46**
- **Crude oil prices with few changes as investors await OPEC+'s response to the release of reserves by several countries. In metals, gold gains 0.1% to 1,791 \$/oz t while industrials are positive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,804.38	0.0%
S&P 500	4,701.46	0.2%
Nasdaq	15,845.23	0.4%
IPC	50,848.04	-0.5%
Ibovespa	104,514.20	0.8%
Euro Stoxx 50	4,276.25	-0.2%
FTSE 100	7,286.32	0.3%
CAC 40	7,042.23	0.0%
DAX	15,878.39	-0.4%
Nikkei 225	29,302.66	-1.6%
Hang Seng	24,685.50	0.1%
Shanghai Composite	3,592.70	0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.64	3pb
10-year Treasuries	1.63	-3pb
28-day Cetes	5.12	7pb
28-day TIIIE	5.24	0pb
2-year Mbono	7.04	2pb
10-year Mbono	7.77	5pb
<i>Currencies</i>		
USD/MXN	21.43	1.0%
EUR/USD	1.12	-0.4%
GBP/USD	1.33	-0.4%
DXY	96.88	0.4%
<i>Commodities</i>		
WTI	78.39	-0.1%
Brent	82.25	-0.1%
Mexican mix	74.87	0.6%
Gold	1,788.61	0.0%
Copper	447.05	1.1%

Source: Bloomberg

Corporate Debt

- **S&P Global Ratings confirmed Mexarrend's ratings at 'mxBB +' for LT and at 'mxB' for ST; the outlook remained stable. According to the agency, the rating reflects adequate capitalization indicators due to modest loan portfolio growth and relatively manageable credit losses**
- **HR Ratings ratified HITOTAL 10U (Hipotecaria Total RMBS) rating at 'HR AAA (E)' with a stable outlook. According to the agency, the ratification is based on the Maximum Default supported by the Structure in the stress scenario projected by HR Ratings, which was 72.8%**
- **The Bondholders' Meeting Agreements for the DOIXCB 15 / 15U issues held on November 22, 2021 were announced. The main agreement was that the Meeting accepted a reduction in the consideration of the Service Provision Agreement of 15% of the current**

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 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	<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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