

Financial Markets Daily

November 29, 2021

Main drivers for the financial markets today...

- Stock markets higher except Asia on travel restrictions, government bond yields up and USD lower, with optimism that the 'Omicron' variant could be less disruptive for the global economy, with information from South Africa that it may be more contagious but with overall mild symptoms
- Investors' focus today at news about COVID-19, including plans from Pfizer/BioNTech and Moderna to develop a new vaccine in the short term. In the US, we highlight speeches from Powell, Williams and Bowman of the Fed
- Investors' focus this week on November employment reports in the US, a plethora of speeches by Fed members that include Jerome Powell, the hearing of the latter along Secretary Yellen before Congress, and Banxico's 3Q21 Quarterly Report
- OPEC+ will meet and could discuss adjustments to their production plans, discussions on Iran's nuclear program start, the WTO will hold its 12th ministerial meeting and the OECD will release its *Economic Outlook*. In monetary policy, we only highlight Hungary's decision
- Along with employment, the US data agenda includes housing prices (Sep), factory orders (Oct), consumer confidence, ISM manufacturing and services, vehicle sales (Nov) and *Beige Book*
- In Mexico, October's unemployment rate stood at 3.89% (sa). Releases include banking credit, public finances, family remittances (Oct), IMEF indicators (Nov) and Banxico's survey

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Unemployment rate - Oct	%	4.02	4.11	4.18
<i>Germany</i>					
8:00	Consumer prices - Nov (P)	% y/y	--	5.0	4.5
<i>United States</i>					
15:00	Fed's Williams gives opening remarks at NY Innovation Center				
15:05	Fed's Powell makes pre-recorded opening remarks at an event on innovation				
17:05	Fed's Bowman discusses central banks and indigenous economies				
<i>China</i>					
20:00	Manufacturing PMI* - Nov	index	--	49.8	49.2
20:00	Non-manufacturing PMI* - Nov	index	--	51.3	52.4
20:00	Composite PMI* - Nov	index	--	--	50.8

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	4,631.50	0.8%
Euro Stoxx 50	4,136.01	1.1%
Nikkei 225	28,283.92	-1.6%
Shanghai Composite	3,562.70	0.0%
<i>Currencies</i>		
USD/MXN	21.88	-0.2%
EUR/USD	1.13	-0.2%
DX-Y	96.15	0.1%
<i>Commodities</i>		
WTI	71.63	5.1%
Brent	76.10	4.6%
Gold	1,793.62	-0.5%
Copper	435.25	1.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.54	7pb

Source: Bloomberg

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Equities

- We start the week with positive movements in stock markets, rebounding after significant falls on Friday. Caution among investors continues, with special attention to the evolution of the Omicron variant and its impact on the recovery, in addition to evaluating its effect on the upcoming monetary policy moves worldwide
- Futures in the US anticipate a positive opening, with the S&P500 trading 0.8% above its theoretical value, after speculation the Fed could delay the start of rate hikes. Asia closed with widespread falls, following Friday's movements, with Japan leading the declines after the government decided to close borders. Stocks such as restaurants, departmental stores and travel, reflecting the biggest impacts. Europe, by contrast, is trading with widespread gains, rebounding from the worst declines in a year, with travel and energy leading the way. In Mexico, the IPC could approach or even surpass 50,000pts

Sovereign fixed income, currencies and commodities

- Material reversal of last week's rally in sovereign bonds amid a sharp risk-off mode, with European securities pressured today 3bps, on average, while the US Treasuries' curve steepens with adjustments of up to 7bps in the short-end
- USD indices little changed as developed currencies experience a mixed performance, while in EM several take a breather of last week's depreciation where ZAR leads the gains (+0.8%) and TRY depreciates sharply again (-4%). The MXN limits stronger levels in the session trading at 21.88 (+0.2%), after a 5% sell-off last week
- Crude oil rises, bouncing from significant losses last week, and with eyes in the next days to the OPEC+ meetings that could hold from rising production amid uncertainty on demand from the new virus strain. Metals mostly positive

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,899.34	-2.5%
S&P 500	4,594.62	-2.3%
Nasdaq	15,491.66	-2.2%
IPC	49,492.52	-2.2%
Ibovespa	102,224.30	-3.4%
Euro Stoxx 50	4,089.58	-4.7%
FTSE 100	7,044.03	-3.6%
CAC 40	6,739.73	-4.8%
DAX	15,257.04	-4.2%
Nikkei 225	28,751.62	-2.5%
Hang Seng	24,080.52	-2.7%
Shanghai Composite	3,564.09	-0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	0.50	-14pb
10-year Treasuries	1.47	-16pb
28-day Cetes	5.15	0pb
28-day TIIE	5.23	0pb
2-year Mbono	6.91	-11pb
10-year Mbono	7.69	-6pb
<i>Currencies</i>		
USD/MXN	21.92	1.6%
EUR/USD	1.13	1.0%
GBP/USD	1.33	0.1%
DXY	96.09	-0.7%
<i>Commodities</i>		
WTI	68.15	-13.1%
Brent	72.72	-11.6%
Mexican mix	74.87	0.0%
Gold	1,802.59	0.8%
Copper	429.10	-4.0%

Source: Bloomberg

Corporate Debt

- Banco Invex (Common Rep.) informed that, according to the Trustee's statement, there will be no resources in the Trust's fund that supports the PSBCB 12U issue (Sarre and Pápagos FF) to meet the scheduled payment of interest to be made on November 29, 2021 for the amount of MXN 14.9 million
- The PSBCB 12U is subordinated to the payment of the preferred series PASACB 11 / 11U / 12, which are backed by the collection rights derived from two Service Provision Contracts signed with the Ministry of Public Security
- Fitch Ratings ratified Grupo Vasconia's long-term rating at 'A- (mex)' and revised the outlook to Stable from Negative. According to the agency, the Stable outlook reflects a sustained improvement in operating performance

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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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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