

Financial Markets Daily

November 30, 2021

Main drivers for the financial markets today...

- **Stock markets, government bond yields, USD, and oil down, amid inflationary pressures in the Eurozone reaching new highs and less optimistic comments from Moderna CEO, who predicted existing vaccines will struggle with the new variant**
- **Focus today on Powell and Yellen testifying before the Senate's Banking Committee, after yesterday's Fed president comments that the recent rise in Covid-19 cases and the emergence of the omicron variant pose downside risks to employment and economic activity, and increased uncertainty for inflation. As for Fed speakers, there will also be interventions by Williams and Clarida**
- **Regarding economic data, the Conference Board's consumer confidence indicator for the eleventh month of the year will be released in the US, which we estimate will stand at 111pts from 113.8pts previously**
- **In other regions, inflation in the Eurozone stood at 0.5% m/m in November, well above the 0.1% m/m estimated, with the annual variation at 4.9% y/y, from 4.1% y/y previously. Although the members of the central bank continue to describe it as a transitory increase, pressures are being stronger than anticipated**
- **Finally, in Mexico, bank credit figures and the public finance report for October will be released**

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The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|----------------------|---|--------|---------|--------|----------|
| <i>Eurozone</i> | | | | | |
| 5:00 | Consumer prices - Nov (P) | % y/y | -- | 4.5 | 4.1 |
| 5:00 | Core - Nov (P) | % y/y | -- | 2.3 | 2.0 |
| <i>United States</i> | | | | | |
| 9:00 | S&P/CoreLogic housing prices - Sep | % y/y | -- | 19.4 | 19.7 |
| 10:00 | Consumer confidence* - Nov | index | 111.0 | 110.4 | 113.8 |
| 10:00 | Powell, Yellen Testify Before Senate Panel on CARES Act Relief | | | | |
| 10:30 | Fed's Williams gives remarks at NY Fed food-insecurity event | | | | |
| 13:00 | Fed's Clarida discusses Fed independence | | | | |
| <i>Mexico</i> | | | | | |
| 10:00 | Banking credit - Oct | % y/y | -6.9 | -- | -7.7 |
| 10:00 | International reserves - Nov 26 | US\$bn | -- | -- | 198.6 |
| 12:30 | Government weekly auction: 1-, 3-, 6- 12- month CETES; 20-year Mbono (Nov'38); 20-year Udibono (Nov'35) and 1, 2, and 3-year Bondef F | | | | |
| 15:30 | Public finances (PSBR, year-to-date) - Oct | MXNmn | -- | -- | -544.1 |
| <i>China</i> | | | | | |
| 20:45 | Manufacturing PMI (Caixin)* - Nov | index | -- | 50.5 | 50.6 |

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. |
|------------------------|-----------|------------|
| <i>Equity indices</i> | | |
| S&P 500 Futures | 4,612.00 | -0.8% |
| Euro Stoxx 50 | 4,061.48 | -1.2% |
| Nikkei 225 | 27,821.76 | -1.6% |
| Shanghai Composite | 3,563.89 | 0.0% |
| <i>Currencies</i> | | |
| USD/MXN | 21.57 | -0.5% |
| EUR/USD | 1.14 | 0.6% |
| DX | 95.79 | -0.6% |
| <i>Commodities</i> | | |
| WTI | 68.11 | -2.6% |
| Brent | 71.07 | -3.2% |
| Gold | 1,791.53 | 0.4% |
| Copper | 431.80 | -0.5% |
| <i>Sovereign bonds</i> | | |
| 10-year Treasury | 1.44 | -6pb |

Source: Bloomberg

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Equities

- **Negative movements in equity markets as investors' fears about the risks associated with omicron are heightened, after Moderna's CEO pointed out that current vaccines would be less effective against the new variant. Additionally, November's inflation data in the Eurozone exceeded expectations, which contributes to higher risk aversion**
- **In Asia most markets closed negative. In Europe stocks drop, the Euro Stoxx decreases 1.2%. Shares from consumer staples, consumer discretionary, energy, and health care sectors lead losses. In turn, in the US the futures of main indices point to a negative open by falling 0.8% on average**
- **In Mexico, the Mexbol may stand around the 49,400 pts**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds rally reverting pressures experienced yesterday that resulted in steeper slopes across the board. European securities gain 2bps, on average, while US Treasuries average a 3pbs rally that reaches as much as 5bps in intermediate tenors**
- **US indices negative with G10 mostly benefiting European currencies with EUR outperforming, also with JPY strengthening. In EM performance is mixed with PLN (+0.9%) outperforming and TRY standing as the weakest (-1.6%). The MXN gains 0.5% to 21.57 per dollar, extending yesterday's breather that printed a 1.2% appreciation**
- **Crude oil falls close to 2.5% in main benchmarks amid greater concerns about the new variant effect in global demand and with eyes in OPEC+ meetings this week which could result in an output increase delay. Metals negative excluding gold**

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| <i>Equity indices</i> | | |
| Dow Jones | 35,135.94 | 0.7% |
| S&P 500 | 4,655.27 | 1.3% |
| Nasdaq | 15,782.83 | 1.9% |
| IPC | 49,796.30 | 0.6% |
| Ibovespa | 102,814.00 | 0.6% |
| Euro Stoxx 50 | 4,109.51 | 0.5% |
| FTSE 100 | 7,109.95 | 0.9% |
| CAC 40 | 6,776.25 | 0.5% |
| DAX | 15,280.86 | 0.2% |
| Nikkei 225 | 28,283.92 | -1.6% |
| Hang Seng | 23,852.24 | -0.9% |
| Shanghai Composite | 3,562.70 | 0.0% |
| <i>Sovereign bonds</i> | | |
| 2-year Treasuries | 0.48 | -1pb |
| 10-year Treasuries | 1.50 | 3pb |
| 28-day Cetes | 5.18 | 3pb |
| 28-day TIIE | 5.23 | 0pb |
| 2-year Mbono | 6.86 | -5pb |
| 10-year Mbono | 7.67 | -3pb |
| <i>Currencies</i> | | |
| USD/MXN | 21.68 | -1.1% |
| EUR/USD | 1.13 | -0.2% |
| GBP/USD | 1.33 | -0.2% |
| DX-Y | 96.34 | 0.3% |
| <i>Commodities</i> | | |
| WTI | 69.95 | 2.6% |
| Brent | 73.44 | 1.0% |
| Mexican mix | 66.49 | -11.2% |
| Gold | 1,784.60 | -1.0% |
| Copper | 434.10 | 1.2% |

Source: Bloomberg

Corporate Debt

- **Grupo DASI informed its intention to carry out the total early call of its unsecured notes ITTO 17 on the coupon payment date on December 20, 2021. The issuance has an outstanding amount of MXN 150 million**
- **HR Ratings revised downwards the rating for issuance DMXI 15 to 'HR A- (E)' from 'HR A (E)' and changed the outlook to Negative from Stable, given that on the last two coupons, energy generation resulted 18.9% below expected**
- **CEMEX informed it issued a total early call of its 2.750% Notes due 2024 for a total principal amount of €200 million**

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