

Financial Markets Daily

December 1, 2021

Main drivers for the financial markets today...

- **Positive stock markets, government bond yields up and stable dollar with investors attentive to news on omicron and digesting Powell's recent comments on ending tapering sooner and a reduction in the OECD's global growth estimate. Additionally, OPEC will meet in Vienna, ahead of the joint ministerial meeting with allied countries tomorrow and the decision on its production strategy**
- **Attention on Powell and Yellen's testimony before the House Committee of Financial Services, after yesterday in the Senate Banking Committee Powell said that in December's FOMC meeting they will evaluate if it is necessary to accelerate the pace of tapering. Also, focus on White House announcement on tighter measures for international travelers**
- **Regarding economic figures, the ADP private employment report will be published in the US. We estimate 550k jobs created in the eleventh month of the year, after a generation of 571k the previous month. Likewise, the ISM manufacturing for November will be released. We estimate it to stand at 61.3pts up from the 60.8pts previously. This after the good performance shown by other sector indicators this month**
- **In Mexico, Victoria Rodríguez will appear before the Senate on her nomination as the next governor of Banxico. Regarding economic figures, the IMEF indicators, remittances, the expectations survey and Banxico's Quarterly Report will be published**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
5:00	OECD Publishes Economic Outlook				
<i>United States</i>					
8:15	ADP employment* - Nov	thousands	550	515	571
10:00	ISM manufacturing* - Nov	index	61.3	61.1	60.8
10:00	Fed's Powell and Yellen testify before house panel on CARES Act Relief				
14:00	Beige Book				
	Total vehicle sales** - Nov	thousands	--	13.3	13.0
<i>United States</i>					
10:00	Family remittances - Oct	US\$m	4,698.6	--	4,403.0
10:00	Survey of expectations (Banxico)				
13:00	PMI manufacturing (IMEF)* - Nov	index	51.0	--	50.7
13:00	PMI non-manufacturing (IMEF)* - Nov	index	52.3	--	52.1
13:00	Banxico's Quarterly Report				

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	4,618.25	1.1%
Euro Stoxx 50	4,128.76	1.6%
Nikkei 225	27,935.62	0.4%
Shanghai Composite	3,576.89	0.4%
<i>Currencies</i>		
USD/MXN	21.33	-0.6%
EUR/USD	1.13	-0.1%
DX	95.93	-0.1%
<i>Commodities</i>		
WTI	68.99	4.2%
Brent	72.35	2.5%
Gold	1,786.15	0.7%
Copper	432.95	1.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.49	4pb

Source: Bloomberg

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Equities

- **December begins with widespread gains in stock markets, after having concluded November in negative territory, while investors assimilate Powell's comments, alluding to concentrate its efforts on containing high inflation, and with attention on the development of the 'omicron' variant that, so far, has reflected relatively mild symptoms**
- **Futures in the US anticipate a positive opening, with the S&P500 trading 1.2% above its theoretical value, and rebounding after the falls observed yesterday, reflecting that volatility will remain very present in the face of latent risks**
- **Asia closed with gains of 0.4% on average, following losses seen in previous days. Europe trades in positive territory, after closing three months in the wake of losses, with increases of more than 1.5%, driven mainly by travel stocks and carmakers. In Mexico, the IPC could approach to 50,000pts**

Sovereign fixed income, currencies and commodities

- **Sovereign bond pressures with European assets adjusting up to +6bps while the US Treasuries curve posts losses of 5bps concentrated in the belly. Yesterday, the Mbonos' curve recorded a flattening with gains of up to 18bps in long-term tenors, the 10-year benchmark closed at 7.49% (-16bps)**
- **The dollar trades with few changes (DXY -0.1%) while the performance among G10 currencies is mixed, AUD (+0.3%) leads the gains and JPY(-0.2%) at the opposite end. In the EM group the dynamics are similar, TRY (+1.7%) is the strongest followed by USD/MXN appreciating 0.8% to 21.28 extending yesterday's gains**
- **Crude oil prices are up 4.5% with investors awaiting the OPEC+ ministerial meeting on Thursday, where they could pause production hikes. In metals, gold rises 0.6% to 1,785 \$/oz t while industrials trade in positive territory**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,483.72	-1.9%
S&P 500	4,567.00	-1.9%
Nasdaq	15,537.69	-1.6%
IPC	49,698.72	-0.2%
Ibovespa	101,915.50	-0.9%
Euro Stoxx 50	4,063.06	-1.1%
FTSE 100	7,059.45	-0.7%
CAC 40	6,721.16	-0.8%
DAX	15,100.13	-1.2%
Nikkei 225	27,821.76	-1.6%
Hang Seng	23,475.26	-1.6%
Shanghai Composite	3,563.89	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.57	8pb
10-year Treasuries	1.44	-5pb
28-day Cetes	5.10	-8pb
28-day TIIIE	5.23	0pb
2-year Mbono	6.85	-1pb
10-year Mbono	7.52	-15pb
<i>Currencies</i>		
USD/MXN	21.45	-1.0%
EUR/USD	1.13	0.4%
GBP/USD	1.33	-0.1%
DXY	95.99	-0.4%
<i>Commodities</i>		
WTI	66.18	-5.4%
Brent	70.57	-3.9%
Mexican mix	66.49	0.0%
Gold	1,774.52	-0.6%
Copper	428.00	-1.4%

Source: Bloomberg

Corporate Debt

- **Fitch Ratings upgraded CEMEX's long-term national scale ratings to 'A+(mex)' from 'A(mex)' and international ratings (IDR) to 'BB' from 'BB-'. The outlook was revised to Positive from Stable. The upgrade reflects CEMEX's strong operating performance during the last 18 months**
- **Grupo GICSA announced that in the Bondholder's meetings of its outstanding issuances a 90-day waiting period was confirmed during which certain obligations will be suspended, including interest payments**
- **Grupo Aeroméxico informed it presented to the Court a revised version of its Joint Plan of Reorganization and the Disclosure Statement, reflecting the final terms of the joint proposal**

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
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
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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