

Financial Markets Daily

December 3, 2021

Main drivers for the financial markets today...

- Stock markets mixed, government bond yields lower and USD with small changes as investors await the US labor market report, which may shape expectations of a faster pace of Fed policy tightening, while risks remain on the potential effect of the 'omicron' variant on the recovery
- Market attention on November's nonfarm payrolls and ISM services, as well as October's factory and durable goods orders in the US. The Fed's Bullard will speak today
- ECB president Christine Lagarde said there is a low chance of rate hikes next year, although they will act rapidly to fight inflation if needed
- The US Senate approved a stopgap spending bill to avoid a government shutdown until February 18. This will allow Democrats to negotiate the budget and the debt ceiling with Republicans
- October's retail sales in the Eurozone picked up 0.2% m/m, below consensus. Meanwhile, China's Caixin PMI services stood at 52.1pts from 53.8pts in the previous month, also lower than expectations
- Yesterday, the Mexican Senate ratified Victoria Rodríguez Ceja as member of Banxico's Board. With 78 votes in favor, 21 against and 10 abstentions, she will become the first female Governor of the central bank, replacing Alejandro Díaz de León

Alejandro Padilla
Chief Economist and
Head of Research
alejandropadilla@banorte.com

Juan Carlos Alderete Macal, CFA
Director of Economic Research
juan.alderete.macal@banorte.com

Manuel Jiménez
Director of Market Strategy
manuel.jimenez@banorte.com



www.banorte.com



@ analisis_fundam

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Retail sales* - Oct	% y/y	--	0.3	-0.3
Brazil					
7:00	Industrial production - Oct	% y/y	--	-0.5	-3.9
7:00	Industrial production* - Oct	% m/m	--	0.6	-0.4
United States					
8:30	Nonfarm payrolls* - Nov	thousands	510	530	531
8:30	Unemployment rate* - Nov	%	4.5	4.5	4.6
9:15	Fed's Bullard speaks at Missouri Bankers' Association				
10:00	ISM services* - Nov	index	65.5	65.0	66.7
10:00	Factory orders* - Oct	% m/m	--	0.5	0.2
10:00	Ex transportation* - Oct	% m/m	--	--	0.7
10:00	Durable goods orders* - Oct (F)	% m/m	--	--	-0.5
10:00	Ex transportation* - Oct (F)	% m/m	--	--	0.5

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,575.50	0.0%
Euro Stoxx 50	4,112.37	0.1%
Nikkei 225	28,029.57	1.0%
Shanghai Composite	3,607.43	0.9%
Currencies		
USD/MXN	21.25	-0.1%
EUR/USD	1.13	0.1%
DXY	96.17	0.0%
Commodities		
WTI	68.38	2.8%
Brent	71.65	2.8%
Gold	1,772.86	0.2%
Copper	428.95	-0.2%
Sovereign bonds		
10-year Treasury	1.43	-1pb

Source: Bloomberg

Document for distribution among public

Equities

- We conclude the week with mixed variations in stock markets, while high volatility continues, and attention on employment figures to be published in the US. In that sense, futures anticipate a slightly negative opening, with the S&P500 trading 0.1% below its theoretical value, reflecting possible profit taking after yesterday's performance, and with the expectation that rise in rates could be sooner than expected
- In Asia, the session ended with almost generalized increases, following yesterday's hikes, with the exception Hong Kong, affected by the fall in technology companies, after pressure from Beijing for DiDi to delist from the US. Europe trades with small changes, while falls in basic resources and telecom sectors offset the rebound in energy and travel stocks
- In Mexico the IPC could approach again to 50,000pts. While, in corporates, we highlight the announcement of Oma to distribute an attractive dividend (yield~8.9%) and Mega expecting to double its EBITDA by 2026

Sovereign fixed income, currencies and commodities

- Global rates perform under narrower ranges with respect to previous sessions, with most European and US benchmarks depicting a flattening bias driven by short-term rates under pressure. In the US from the 5-year tenor onwards, Treasuries gain 1bp
- Little changes in US dollar indices revealing a slightly positive tone with a stronger relative performance against developed currencies where European pairs gain just at the margin. In EM FX performance is mixed with a stronger balance, with CLP outperforming (0.5%). The MXN gains 0.1% to 21.25 and heads for a 3% weekly rally
- Crude oil extends yesterday's pick-up gaining today ~2.5% as the market assimilates OPEC+ output agreement that, although will be rising production in January, will be flexible to adapt in case of necessary. Metals mixed with a stronger balance in precious

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,639.79	1.8%
S&P 500	4,577.10	1.4%
Nasdaq	15,381.32	0.8%
IPC	50,927.38	1.8%
Ibovespa	104,466.20	3.7%
Euro Stoxx 50	4,108.02	-1.7%
FTSE 100	7,129.21	-0.6%
CAC 40	6,795.75	-1.3%
DAX	15,263.11	-1.4%
Nikkei 225	27,753.37	-0.7%
Hang Seng	23,788.93	0.5%
Shanghai Composite	3,573.84	-0.1%
Sovereign bonds		
2-year Treasuries	0.61	6pb
10-year Treasuries	1.44	4pb
28-day Cetes	5.18	4pb
28-day TIIIE	5.23	0pb
2-year Mbono	6.98	4pb
10-year Mbono	7.47	-3pb
Currencies		
USD/MXN	21.26	-1.1%
EUR/USD	1.13	-0.2%
GBP/USD	1.33	0.2%
DXY	96.16	0.1%
Commodities		
WTI	66.50	1.4%
Brent	69.67	1.2%
Mexican mix	61.59	0.6%
Gold	1,768.74	-0.7%
Copper	429.90	1.2%

Source: Bloomberg

Corporate Debt

- Today we expect the auction of two unsecured notes from Bepensa Bebidas (new issuer), BBPEN 21 / 21-2, for an amount of up to MXN 2.5 billion and 5- and 7-year terms. The assigned ratings were 'AAA(mex)' by Fitch Ratings and 'HR AAA' by HR Ratings
- S&P Global kept the ratings for issuance ALPHACB 18 at 'mxBB (sf)' and in its Negative CreditWatch list, after the acceleration in the declining trend in collection levels in the last months
- HR Ratings affirmed Grupo Vasconia's rating at 'HR A' with a Negative outlook and at 'HR2' for the short term, based mainly in the refinancing strategy for short-term loans and current accounts through the issuance of a green bond in 2022

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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	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>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.

Research and Strategy

Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
--------------------------------	-----------------------------	----------------------------	------------------

Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800

Corporate Debt

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220
---	----------------------------------	--------------------------	------------------

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebaldos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Oswaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roldan.ferrer@banorte.com	(55) 1670 - 1899