

Financial Markets Daily

December 6, 2021

Main drivers for the financial markets today...

- **Stock markets mixed –with Asia lower, but the US and Europe stronger–. USD up and government bond yields mostly higher, suggesting a technical rebound but still cautious given uncertainty about ‘Omicron’, the degree of inflationary pressures and tensions between the US and China, more than compensating for a reserve requirement cut in the latter country**
- **Investors’ focus this week on November inflation data in the US, China, Mexico and Brazil. Given price pressures, also watching monetary policy decisions in Brazil, Australia, Canada, India and Peru, among others**
- **In addition, G-7 finance ministers will meet in the UK, Olaf Scholz will be sworn as Germany’s chancellor, Christine Lagarde will speak at the Fifth ESRB Annual Conference and the World Petroleum Congress starts in Houston**
- **US data includes consumer credit, trade balance (Oct), University of Michigan consumer confidence (Dec) and weekly initial jobless claims. There are no Fed speakers this week because of the silence period ahead of the decision on December 15th**
- **In other regions, we highlight China’s trade balance (Nov), industrial production in Germany and the UK (Oct), retail sales in Brazil (Oct) and final 3Q21 GDP in the Eurozone and Japan**
- **In Mexico, November’s consumer confidence stood at 45.8pts from 44.1pts previously. Releases include fixed investment and private consumption (Sep), industrial production (Oct) and the banking sector survey of expectations**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Consumer confidence* - Nov	index	43.8	--	43.6
<i>China</i>					
22:00	Trade balance - Nov	US\$bn	--	82.1	84.5
22:00	Exports - Nov	% y/y	--	19.8	27.1
22:00	Imports - Nov	% y/y	--	22.0	20.6

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	4,555.00	0.4%
Euro Stoxx 50	4,106.71	0.7%
Nikkei 225	27,927.37	-0.4%
Shanghai Composite	3,589.31	-0.5%
<i>Currencies</i>		
USD/MXN	21.25	-0.1%
EUR/USD	1.13	-0.2%
DXY	96.21	0.1%
<i>Commodities</i>		
WTI	68.35	3.2%
Brent	71.96	3.0%
Gold	1,780.48	-0.2%
Copper	428.60	0.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.39	5pb

Source: Bloomberg

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Equities

- **Equity markets kick-off the week with a mixed performance as investors are cautious and assess associated risks of the new COVID-19 variant on the global economy, while concerns continue regarding the high inflation environment, as well as the evolution of the regulatory situation for technology companies in China**
- **In Asia, most markets closed negative. Meanwhile, stocks rise in Europe, with the Euro Stoxx adding 0.7%. Shares from energy and utilities sectors lead gains, while those from technology show losses. In turn, futures of main US indices are mixed, with the Nasdaq being the only one on the downside**
- **On the corporate front, Gap's November passengers showed strong performance, in line with expectations and above pre-pandemic levels**

Sovereign fixed income, currencies and commodities

- **Negative balance in global rates, with European securities adjusting +1bp, on average, excluding Greece (+7bps). Meanwhile, US Treasuries trade are pressured up to 5bps in long-term securities. In Mexico, the Mbonos' yield curve rallied last week 19bps, on average, with the 10-year benchmark closing at 7.37% (-29bps w/w)**
- **USD slightly positive amid a mixed performance in both G10 and EM currencies. In the former, the trading range is delimited by +/-0.5%. In the EM universe, MXN is trading with few changes at 21.25 per dollar compared with its previous close on Friday**
- **Crude-oil starts the week with gains of 3.0% after an increase in Saudi Arabia prices indicating confidence in demand. In metals, copper gains 0.5%, nickel losses +1.0%, while gold trades at 1,780 \$/oz t (-0.2%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,580.08	-0.2%
S&P 500	4,538.43	-0.8%
Nasdaq	15,085.47	-1.9%
IPC	50,597.29	-0.6%
Ibovespa	105,069.70	0.6%
Euro Stoxx 50	4,080.15	-0.7%
FTSE 100	7,122.32	-0.1%
CAC 40	6,765.52	-0.4%
DAX	15,169.98	-0.6%
Nikkei 225	28,029.57	1.0%
Hang Seng	23,766.69	-0.1%
Shanghai Composite	3,607.43	0.9%
<i>Sovereign bonds</i>		
2-year Treasuries	0.59	-3pb
10-year Treasuries	1.34	-10pb
28-day Cetes	5.23	5pb
28-day TIE	5.23	0pb
2-year Mbono	6.92	-7pb
10-year Mbono	7.40	-7pb
<i>Currencies</i>		
USD/MXN	21.27	0.0%
EUR/USD	1.13	0.1%
GBP/USD	1.32	-0.5%
DXY	96.12	0.0%
<i>Commodities</i>		
WTI	66.26	-0.4%
Brent	69.88	0.3%
Mexican mix	61.87	0.5%
Gold	1,783.29	0.8%
Copper	426.70	-0.7%

Source: Bloomberg

Corporate Debt

- **HR Ratings affirmed Proyectos Adamantine's ratings at 'HR BBB' and changed the outlook to Negative from Positive based on the observed and expected decrease in its solvency and liquidity ratios derived from the capital movements during 2020 and the exit of resources in 3Q21**
- **S&P Global Ratings confirmed Navistar Financial's ratings at 'mxAA+' and 'mxA-1+'; the outlook remained Stable. The agency mentions that support from the holding company will continue to back Navistar Financial's business growth**
- **Fibra Mty announced the signing of a syndicated unsecured loan with a principal amount of US\$150 million with a floating rate and a 5-year term**

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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 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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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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