

Financial Markets Daily

December 7, 2021

Main drivers for the financial markets today...

- **Stock markets, government bond yields and commodities higher, with the USD mixed given an improvement in risk appetite due to lower fears on 'Omicron' and stimulus actions in China**
- **Specifically, yesterday the PBoC trimmed reserve requirements by 50bps, while Premier Li Keqiang mentioned that they have additional policy tools. This comes on top of other actions that should favor real estate and promises of support to the economy. November's trade balance showed higher dynamism for both exports and imports**
- **In the geopolitical front, attention will be on a call between Joe Biden and Vladimir Putin, with special attention on the situation in Ukraine as tensions have risen due to the mobilization of Russian troops**
- **On data, in Germany, October's IP surprised at +2.8% m/m, while the ZEW expectations index for December fell less than expected to 29.9pts. In the Eurozone, final GDP for 3Q21 was in line with the preliminary at 2.2% q/q. In the US attention will center on October's trade balance**
- **In Mexico, September's investment and consumption were released, with the first one lower by 1.6% m/m given generalized weakness. The second one advanced 0.9% m/m, boosted by domestic goods**
- **On the virus, GSK mentioned that its antibody therapy can fight the new variant. This happens in a context in which it seems that 'Omicron' is not as aggressive as 'Delta' regarding symptoms**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Gross domestic product - 3Q21 (F)	% y/y	--	3.7	3.7
5:00	Gross domestic product* - 3Q21 (F)	% q/q	--	2.3	2.2
<i>Mexico</i>					
7:00	Gross fixed investment - Sep	% y/y	12.6	11.2	13.9
7:00	Gross fixed investment* - Sep	% m/m	-0.6	--	1.1
7:00	Private consumption - Sep	% y/y	--	--	10.1
7:00	Private consumption* - Sep	% m/m	--	--	-0.6
10:00	International reserves - Dec 3	mmd	--	--	199.3
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 3-year Mbono (Mar'25); 30-year UdiBono (Nov'50) and 5-year Bondes F				
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
8:30	Trade balance* - Oct	mmd	--	-66.9	-80.9
15:00	Consumer credit* - Oct	mmd	--	25.0	29.9
<i>Japan</i>					
18:50	Gross domestic product* - 3Q21 (F)	% q/q	--	-0.8	-0.8

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	4,649.00	1.3%
Euro Stoxx 50	4,237.69	2.4%
Nikkei 225	28,455.60	1.9%
Shanghai Composite	3,595.09	0.2%
<i>Currencies</i>		
USD/MXN	21.25	0.1%
EUR/USD	1.13	-0.2%
DX	96.41	0.1%
<i>Commodities</i>		
WTI	71.40	2.7%
Brent	74.89	2.5%
Gold	1,783.17	0.3%
Copper	436.30	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.45	1pb

Source: Bloomberg

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Equities

- **Significant recovery in stock indices, as concerns about the severity of the impact of the new variant of the virus have diminished, and with measures implemented in China to support economic growth welcomed**
- **In the US, futures anticipate a markedly positive opening, with the S&P500 trading 1.3% above its theoretical value, recovering from previous week's losses, and with technology stocks, such as Intel and Apple, being the main drivers of the move**
- **Asia closed with widespread gains, highlighting the Hang Seng in Hong Kong which rose 2.7%. Europe, on the other hand, trades with increases close to 2% on average, after figures published supporting the recovery. In Mexico, the IPC could approach to 51,000pts**
- **In corporate news, both Asur and Oma continued to reflect a solid recovery trend in November's passenger traffic**

Sovereign fixed income, currencies and commodities

- **Flattening bias under narrow ranges for global bonds with European securities adjusting ~1bp, while US Treasuries adjust up to +2bps in the short-end and gain 1bp from the 10-year area onwards. Yesterday, the Mbonos' yield curve sold-off ~3bps from mid-term tenors onwards**
- **USD mixed with modest changes in indices amid a slightly positive tone in G10 pairs with AUD outperforming (+0.8%). In EM, TRY heads the gains (+0.7%) and CZK is the weakest (-0.3%), while the USD/MXN gains 0.1% to 21.24**
- **Moderation in concerns about "Omicron" benefits wide commodities and supports crude oil price action, with eyes in this latter front today also in the API's inventories and the EIA's monthly report (STEO). In metals, bias is also favorable for precious and industrials**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,227.03	1.9%
S&P 500	4,591.67	1.2%
Nasdaq	15,225.15	0.9%
IPC	50,605.56	0.0%
Ibovespa	106,858.90	1.7%
Euro Stoxx 50	4,137.11	1.4%
FTSE 100	7,232.28	1.5%
CAC 40	6,865.78	1.5%
DAX	15,380.79	1.4%
Nikkei 225	27,927.37	-0.4%
Hang Seng	23,349.38	-1.8%
Shanghai Composite	3,589.31	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	0.63	4pb
10-year Treasuries	1.43	9pb
28-day Cetes	5.24	1pb
28-day TIIE	5.23	1pb
2-year Mbono	6.86	-6pb
10-year Mbono	7.39	-1pb
<i>Currencies</i>		
USD/MXN	21.22	-0.2%
EUR/USD	1.13	-0.3%
GBP/USD	1.33	0.2%
DXY	96.33	0.2%
<i>Commodities</i>		
WTI	69.49	4.9%
Brent	73.08	4.6%
Mexican mix	64.48	4.2%
Gold	1,778.67	-0.3%
Copper	433.75	1.7%

Source: Bloomberg

Corporate Debt

- **The Notice of the Bondholders' Meeting of the PASACB 11 / 11U / 12 (Sarre and Pápagos FF) issuances for next December 20 was reported. The main point to be discussed is the proposal to grant authorizations and waivers, among others, to carry out the Voluntary Early Amortization of all the bonds, without generating the payment of the fee for Voluntary Early Amortization for such purposes**
- **The Bondholders' Meeting of Aeroméxico's ST issuances was summoned for next December 15, 2021. The main points to be discussed will be: (i) a report by Grupo Aeroméxico on the status of the company's financial restructuring process and its subsidiaries, as well as the updated version of the Joint Restructuring Plan and the disclosure statement; and (ii) proposal, discussion and, where appropriate, approval of the Plan presented by Grupo Aeroméxico in relation to the bonds**

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Manuel Jiménez Zaldivar, 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>
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