

Financial Markets Daily

November 1, 2022

Main drivers for the financial markets today...

- **Stock markets positive, with government bond yields negative and the USD lower, with optimism given rumors of a possible easing in COVID-19 measures in China, being a tailwind for the global economy. However, these comments were measured by the Foreign Minister, arguing that he hasn't heard of this**
- **In Brazil uncertainty regarding Sunday's presidential election continues, with current President, Jair Bolsonaro, still not recognizing the victory of his adversary, Lula Da Silva. In this context, protests in support of the former continue**
- **In the US, President Biden mention that he would seek to impose higher taxes to oil companies considering massive windfalls without reinvesting in production. This is happening in a context in which gasoline prices have increased and just before the mid-term election next week**
- **Regarding data, in the UK, October's manufacturing PMI was revised marginally higher to 46.2pts. In the US we await this same release as well as the one from the ISM, with focus also on job openings numbers. In Mexico, attention will center in September's remittances, the central bank survey, and IMEF indicators for the tenth month of the year**
- **On the monetary policy front we highlight the release of the minutes of the latest decisions in Brazil, Colombia, Japan and Korea, with the two-day meeting from the FOMC beginning today, expecting the decision tomorrow with a 75bps hike to the Fed funds range. Meanwhile, the BoE will begin with its quantitative actions today**

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Winners of the award for best economic
forecasters for Mexico in 2021, granted by
Refinitiv



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
9:00	Manufacturing PMI* - Oct (F)	index	49.9	49.9	49.9
9:45	ISM manufacturing* - Oct	index	49.7	50.0	50.9
	Total vehicle sales** - Oct	thousands	--	14.3	13.5
<i>Mexico</i>					
11:00	International reserves - Oct 28	US\$bn	--	--	196.2
11:00	Family remittances - Sep	US\$bn	4,973.0	5,238.0	5,121.5
11:00	Survey of expectations (Banxico)				
14:00	PMI manufacturing (IMEF)* - Oct	index	49.5	--	50.1
14:00	PMI non-manufacturing (IMEF)* - Oct	index	51.4	--	50.9

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	3,924.75	1.1%
Euro Stoxx 50	3,673.67	1.6%
Nikkei 225	27,678.92	0.3%
Shanghai Composite	2,969.20	2.6%
<i>Currencies</i>		
USD/MXN	19.73	-0.4%
EUR/USD	0.99	0.6%
DXY	110.78	-0.7%
<i>Commodities</i>		
WTI	88.38	2.1%
Brent	94.73	-0.1%
Gold	1,653.47	1.2%
Copper	348.85	3.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.93	-12pb

Source: Bloomberg

Equities

- **Stock markets positive, where investors assess solid quarterly results with earnings gains, as they await the Fed's decision on Wednesday and consider an unofficial possibility of China phasing out the Covid Zero policy**
- **Futures in the US anticipate a positive opening with the S&P500 trading 1.1% above its theoretical value. In the same sense, Europe is trading higher, the Eurostoxx advances 1.6%, registering the largest increases in the real estate sector. In the meanwhile, Asia closed with gains, highlighting the advance of the Hang Seng of 5.2% and the Shanghai's of 2.6%, reflecting the approach of fewer restrictive measures to social mobility in China**
- **On the national corporate front, Alpek approved the payment of an extraordinary dividend with a yield close to 6.6% on current prices. In turn, in the US, of the 48 companies of the S&P500 that today publish their results, 23 have already done it, including Pfizer and Simon Property Group better than expected**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. European assets adjust up to -13bps while the Treasuries yield curve trades with gains of 8bps concentrated in the mid- and long-end. Yesterday, the Mbonos' curve closed with losses of 8bps on average and the 10-year benchmark at 9.84% (+10bps)**
- **The dollar weakens (DXY -0.5%) while developed and most emerging currencies trade in positive territory. In the former group, NOK (+1.3%) is the strongest and in the latter ZAR (+1.2%) leads gains while MYR (-0.2%) is among the few in negative territory. The Mexican peso maintains its positive performance by trading at 19.73, representing an appreciation of 0.4%**
- **Crude-oil prices advance 1.3% on the possibility of disruptions in the supply of Russian crude oil as economic sanctions are tightened starting next month. Metals advance boosted by the possibility of higher demand in China**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,732.95	-0.4%
S&P 500	3,871.98	-0.7%
Nasdaq	10,988.15	-1.0%
IPC	49,922.30	1.7%
Ibovespa	116,037.08	1.3%
Euro Stoxx 50	3,617.54	0.1%
FTSE 100	7,094.53	0.7%
CAC 40	6,266.77	-0.1%
DAX	13,253.74	0.1%
Nikkei 225	27,587.46	1.8%
Hang Seng	14,687.02	-1.2%
Shanghai Composite	2,893.48	-0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	4.48	7pb
10-year Treasuries	4.05	4pb
28-day Cetes	9.40	-12pb
28-day TIIE	9.60	0pb
2-year Mbono	10.34	7pb
10-year Mbono	9.85	10pb
<i>Currencies</i>		
USD/MXN	19.81	0.1%
EUR/USD	0.99	-0.8%
GBP/USD	1.15	-1.3%
DXY	111.53	0.7%
<i>Commodities</i>		
WTI	86.53	-1.6%
Brent	94.83	-1.0%
Mexican mix	81.39	-1.5%
Gold	1,633.56	-0.7%
Copper	337.50	-1.6%

Source: Bloomberg

Corporate Debt

- **CIBanco (Trustee) informed that Grupo Palacio de Hierro has the intention to carry out the early voluntary amortization of its unsecured notes GPH 19 on November 11, 2022 for a principal amount of MXN 1.0 billion plus the accrued, unpaid interests**
- **Corporación Actinver informed that the Phase I of its joint-venture agreement with Credit Suisse México took place, having previously obtained the approval from the appropriate authority, that includes the transfer of a portfolio of select clients with predominantly local needs, along with a team of financial advisors to give continuity to the clients' services**

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Salvador Austria Valencia 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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