

Financial Markets Daily

November 7, 2022

Main drivers for the financial markets today...

- **Stock markets higher, government bond yields down and USD biased lower.** There is some optimism that the US midterm elections will be favorable to markets and that inflation has already reached a peak. This compensates for China's renewed commitment with its COVID-zero policy and some negative corporate news
- **Meanwhile, China's trade balance in October showed that surprised to the downside as it showed a contraction of -0.3% and -0.7% y/y in exports and imports, respectively.** These figures signal that economic weakness is likely driven by both lower external demand and domestic policies
- **Market attention this week on October's inflation and midterm elections in the US.** Moreover, we expect Banxico to hike the reference rate by 75bps. We will watch closely at the comments from several Fed and ECB members and 3Q22 GDP in the UK
- **In addition, monetary policy decisions in Romania, Poland, and Peru.** In events, the UN Climate Change Conference (COP27) will take place in Egypt, and European Union finance ministers will meet in Brussels
- **In the US, Veterans Day will be commemorated on Friday.** The bond market will be closed, but stocks will be open. In other economic data, releases include consumer credit (Sep) and U. of Michigan consumer confidence (Nov)
- **In Mexico, August's gross fixed investment and private consumption stood at 1.9% and 0.7% m/m, respectively.** Other figures include industrial production (Sep), inflation, ANTAD's same-store sales, wage negotiations (Oct), and the banking sector survey

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Winners of the award for best economic
forecasters for Mexico in 2021, granted by
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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Gross fixed investment* - Aug	% m/m	0.2	--	-1.4
7:00	Private consumption* - Aug	% m/m	--	--	0.1
7:00	Consumer confidence* - Oct	index	41.4	--	41.0
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
15:00	Consumer credit* - Sep	USDbn	--	31.0	32.2
15:40	Fed's Collins and Mester Speak at Women in Economics				
18:00	Fed's Barkin Speaks at Event on Inflation				

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	3,803.00	0.6%
Euro Stoxx 50	3,712.41	0.7%
Nikkei 225	27,527.64	1.2%
Shanghai Composite	3,077.82	0.2%
<i>Currencies</i>		
USD/MXN	19.49	-0.2%
EUR/USD	1.00	0.2%
DXY	110.45	-0.4%
<i>Commodities</i>		
WTI	92.26	-0.4%
Brent	98.29	-0.3%
Gold	1,676.63	-0.3%
Copper	362.40	-1.7%
<i>Sovereign bonds</i>		
10-year Treasury	4.13	-2pb

Source: Bloomberg

Equities

- **Main stock indices trade with widespread gains, as investors are optimistic that inflation in the US will be less pressured in the figures to be published this week, and attentive to tomorrow's elections in said country. In that sense, futures anticipate a positive opening, with the S&P500 trading 0.6% above its theoretical value, while Europe gains in a similar magnitude. In Asia, optimism continued, with the Hang Seng's 2.7% gain standing out**
- **Apple cut its expectations for iPhone production and Meta Platforms braces for a major workforce reduction. We are already in the final stretch of corporate reports, waiting this week only for 31 companies of the S&P500, highlighting today NRG Energy and Viatris, both already with mixed figures**
- **This week, we anticipate a trading range between 49,500 and 53,300pts for the Mexbol Index**

Sovereign fixed income, currencies and commodities

- **Slightly positive balance in sovereign bonds. European rates fall 3bps on average, while the US Treasuries' curve gains up to 4bps at the long-end. Locally, Mbonos' yield curve recorded a 5bps sell-off last week, with the 10-year benchmark closing at 9.80% (+7bps)**
- **Dollar falls amid a mixed performance in developed currencies, with CHF (+0.6%) and NZD (-0.3%) at the extremes. In EM, the bias is positive with KRW (+1.3%) as the strongest. Meanwhile, MXN extends the gains of the previous three weeks, trading at 19.49 per dollar (+0.2%)**
- **Crude-oil starts the week on the downside, assimilating signals from China that there will be no relaxation of its Covid-zero stance as cases hit a six-month high. In metals, the balance is negative with copper and gold falling 1.7% and 0.3%, respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,403.22	1.3%
S&P 500	3,770.55	1.4%
Nasdaq	10,475.25	1.3%
IPC	51,173.75	1.9%
Ibovespa	118,155.46	1.1%
Euro Stoxx 50	3,688.33	2.6%
FTSE 100	7,334.84	2.0%
CAC 40	6,416.44	2.8%
DAX	13,459.85	2.5%
Nikkei 225	27,199.74	-1.7%
Hang Seng	16,161.14	5.4%
Shanghai Composite	3,070.80	2.4%
<i>Sovereign bonds</i>		
2-year Treasuries	4.66	-6pb
10-year Treasuries	4.16	1pb
28-day Cetes	9.58	0pb
28-day TIE	9.61	1pb
2-year Mbono	10.36	-3pb
10-year Mbono	9.82	-4pb
<i>Currencies</i>		
USD/MXN	19.52	-0.6%
EUR/USD	1.00	2.1%
GBP/USD	1.14	2.0%
DX	110.88	-1.8%
<i>Commodities</i>		
WTI	92.61	5.0%
Brent	98.57	4.1%
Mexican mix	85.78	4.8%
Gold	1,681.87	3.2%
Copper	368.65	7.6%

Source: Bloomberg

Corporate Debt

- **Unifin Financiera informed that, in accordance with the terms and times agreed upon with the bondholders and Trustee, the company complied with the confidential delivery of a long-term business plan and restructuring plan proposal, as well as the information and documents that support them, which were also delivered to the advisors of the company creditors, under confidentiality obligations**
- **According to the statement, Unifin continues in talks and negotiations with the advisors of the bondholders and the Trustee in order to continue with the negotiations on an orderly restructuring**
- **HR Ratings upgraded Banco Monex rating to 'HR AA' from 'HR AA-', maintaining the Stable Outlook, based on the Bank's high levels of solvency**

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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