

Financial Markets Daily

November 9, 2022

Main drivers for the financial markets today...

- **Negative stock markets, mixed government bond yields and USD up amid the inconclusive outcome of the mid-term elections, with the "Republican wave" not materializing and which could be delayed until December. Also, uncertainty in cryptocurrencies due to lack of liquidity in FTX and doubts about the Binance rescue**
- **With what is known so far, it seems that the Republicans will win control of the House of Representatives, but with a smaller margin than estimated. With the votes that have already been counted, the Republicans have won 197 seats, while the Democrats have 167. As far as the Senate is concerned, Democrats won Pennsylvania, being one of the most contested seats. Meanwhile, the tight results in Georgia suggest that contest may be ultimately decided in a runoff if neither candidate gets more than 50% of the votes. In the governor races, the re-elections of Republicans DeSantis in Florida and Greg Abbott in Texas stand out**
- **Regarding monetary policy, attention is on the speeches of Barkin and Kashkari who will discuss in different forums about the economic outlook and inflation**
- **In Mexico, INEGI published October's inflation at +0.57% m/m, helped by the non-core (+0.38%) –despite an adverse seasonality– and with the core still high (+0.63%). As such, annual inflation moderated to 8.41% (previous: 8.70%), with the core at 8.42% (previous: 8.28%)**

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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>					
3:00	Fed's Waller discusses central bank digital currencies				
11:00	Fed's Barkin Discusses the Economic Outlook				
<i>Brazil</i>					
7:00	Retail sales - Sep	% y/y	--	1.8	1.6
7:00	Retail sales* - Sep	% m/m	--	0.3	-0.1
<i>Mexico</i>					
7:00	Consumer prices - Oct	% m/m	0.60	0.61	0.62
7:00	Core - Oct	% m/m	0.66	0.65	0.67
7:00	Consumer prices - Oct	% y/y	8.45	8.47	8.70
7:00	Core - Oct	% y/y	8.46	8.42	8.28

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	3,824.25	-0.3%
Euro Stoxx 50	3,718.49	-0.6%
Nikkei 225	27,716.43	-0.6%
Shanghai Composite	3,048.17	-0.5%
<i>Currencies</i>		
USD/MXN	19.57	0.2%
EUR/USD	1.00	-0.3%
DXY	109.91	0.2%
<i>Commodities</i>		
WTI	87.55	-1.5%
Brent	93.67	-1.8%
Gold	1,707.88	-0.3%
Copper	363.80	-1.2%
<i>Sovereign bonds</i>		
10-year Treasury	4.12	0pb

Source: Bloomberg

Equities

- **Stock markets with negative bias, as investors continue to evaluate mid-term elections in the US, as well as recent corporate reports with lower than expected earnings, while we are in the final stretch of the season**
- **Futures in the US anticipate an unchanged opening with the S&P500 trading 0.3% below its theoretical value. Walt Disney and News Corp fell more than 7.5% on pre-market after reporting lower than expected earnings. Europe trades mixed, while the Eurostoxx is down 0.6%, with the largest adjustments in the technology and materials sector's. Asia closed with losses, highlighting the drop of the Hang Seng of 1.2% and the Nikkei's of 0.6%**
- **On the corporate front, of 4 S&P500 that today publish their results, 1 has already done it, lower than expected. The rest of the companies will report after market close**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets post gains of 4bps on average while the Treasuries yield curve trades with a flattening bias, as a result of 1bp pressures on the short-end and 1bp gains on long-term tenors. Yesterday, the Mbonos' curve closed with gains of 6bps on average and the 10-year benchmark closed at 9.75% (-8bps)**
- **The dollar strengthens (DXY +0.2%) while G-10 currencies trade in negative territory and emerging currencies post mixed performance. In the first group, NZD (-0.9%) is the weakest and in the second, KRW (+1.5%) and PLN (-0.6%) are at the ends of the spectrum. The Mexican peso loses 0.2% and trades at 19.57 per dollar**
- **Crude-oil futures fall 0.8% on the outlook of weak demand in China and rising inventories in the US. Metals prices are predominantly negative, with a 1.3% slump in aluminum prices**

Corporate Debt

- **Fibra HD announced that, regarding their unsecured bond FIBRAHD 19, with an outstanding amount of MXN 1.4 billion due on November 24, the company signed a syndicated loan for up to MXN 4.5 billion**
- **Fitch Ratings upgraded Comercializadora Círculo CCK's (Circle K) ratings to 'A(mex)' from 'A-(mex)' with Stable outlook. The upgrade reflects the agency's expectation that Circle K's revenue and profitability will continue their growth trend in the next 12 to 18 months**
- **Fitch Ratings assigned a 'AAA(mex)' local scale rating for America Movil's proposed unsecured issuances with a total joint amount of up to MXN 30.0 billion based on the company's business position as the leading telecom operator in Latin America**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,160.83	1.0%
S&P 500	3,828.11	0.6%
Nasdaq	10,616.20	0.5%
IPC	50,888.46	0.3%
Ibovespa	116,160.35	0.7%
Euro Stoxx 50	3,739.28	0.8%
FTSE 100	7,306.14	0.1%
CAC 40	6,441.50	0.4%
DAX	13,688.75	1.1%
Nikkei 225	27,872.11	1.3%
Hang Seng	16,557.31	-0.2%
Shanghai Composite	3,064.49	-0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	4.65	-7pb
10-year Treasuries	4.12	-9pb
28-day Cetes	9.19	-45pb
28-day TIIE	9.62	1pb
2-year Mbono	10.28	-6pb
10-year Mbono	9.76	-8pb
<i>Currencies</i>		
USD/MXN	19.53	0.3%
EUR/USD	1.01	0.5%
GBP/USD	1.15	0.3%
DXY	109.64	-0.4%
<i>Commodities</i>		
WTI	88.91	-3.1%
Brent	95.36	-2.6%
Mexican mix	82.77	-2.9%
Gold	1,712.42	2.2%
Copper	368.25	2.2%

Source: Bloomberg

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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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