

Financial Markets Daily

November 10, 2022

Main drivers for the financial markets today...

- **Stock markets down, S&P500 futures, USD and government bond yields to the upside with investors awaiting the US inflation report and its impact on the Fed's monetary tightening, also still digesting election results at the moment with control of the House by smaller margins than expected**
- **Regarding the midterm elections in US, vote count progress shows that control of the Senate depends on the results in Georgia, Arizona and Nevada. Meanwhile, Joe Biden said he still plans to seek re-election and that he'd likely make an official statement in early 2023**
- **In the UK, the government would seek to raise \$24bn through new taxes as part of its new budget proposal, due to be presented no later than November 17**
- **In economic figures, market is focused to the October inflation data in the US, expecting a slight moderation in the annual rate for both headline (7.8%) and core (6.4%)**
- **On the monetary policy front, speeches from Mester (Cleveland), Logan (Dallas) and George (Kansas) stand out. At the local level, we expect Banxico to hike the reference rate by 75bps to 10.00%, maintaining a hawkish tone in the statement**

Alejandro Padilla
Chief Economist and
Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research
and Financial Markets Strategy
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar
Director of Market Strategy
manuel.jimenez@banorte.com

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



 www.banorte.com
 [@analisis_fundam](https://twitter.com/analisis_fundam)

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
2:00	Fed's Waller Speaks on Central Bank Digital Currencies				
8:30	Consumer prices* - Oct	% m/m	0.6	0.6	0.4
8:30	Ex. food & energy* - Oct	% m/m	0.4	0.5	0.6
8:30	Consumer prices - Oct	% y/y	7.8	7.9	8.2
8:30	Ex. food & energy - Oct	% y/y	6.4	6.5	6.6
8:30	Initial jobless claims* - Nov 5	thousands	220	220	217
9:35	Fed's Logan Speaks at Energy and the Economy Conference				
12:30	Fed's Mester Discusses the Economic Outlook				
13:30	Fed's George Speaks at Energy and the Economy Conference				
<i>Mexico</i>					
14:00	Monetary policy decision (Banxico)	%	10.00	10.00	9.25
	ANTAD same-store sales - Oct	% y/y	--	--	-0.5
	Wage negotiations - Oct	% y/y	--	--	8.2
<i>Peru</i>					
18:00	Monetary policy decision (BCRP)	%	--	7.25	7.00

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,762.00	0.2%
Euro Stoxx 50	3,724.52	-0.1%
Nikkei 225	27,446.10	-1.0%
Shanghai Composite	3,036.13	-0.4%
<i>Currencies</i>		
USD/MXN	19.57	-0.1%
EUR/USD	0.99	-0.7%
DX	110.91	0.3%
<i>Commodities</i>		
WTI	85.43	-0.5%
Brent	92.30	-0.4%
Gold	1,708.34	0.1%
Copper	366.85	-0.9%
<i>Sovereign bonds</i>		
10-year Treasury	4.09	-1pb

Source: Bloomberg

Document for distribution among public

Equities

- **Equity markets with negative sentiment, with investors waiting for the US inflation data and looking for firmer signs that it has already peaked, which could mean a deceleration in the pace of interest rate hikes. They are also weighing a still unclear verdict on mid-term elections**
- **US futures anticipate a slightly upward opening, with S&P 500 futures trading 0.3% above their theoretical value and the Nasdaq +0.5%. Meanwhile, Europe trades practically unchanged, albeit towards a negative bias, the Eurostoxx adjusting -0.1%. Asia closed lower, with Hang Seng down -1.7%. Finally, in Mexico, the Mexbol Index could hover around 50,000pts**
- **On the international corporate front, reports' flow decreases, with only 5 companies from the S&P 500 releasing their numbers today, all of them will publish their results before market opening; among them, Ralph Lauren**

Sovereign fixed income, currencies and commodities

- **Few changes in sovereign bonds. European assets trade with marginal losses while the Treasuries yield curve post 2bps losses in the short-end and marginal gains in the long-end. Yesterday, the Mbonos' curve ended the session with gains of 9bps on average and the 10-year benchmark at 9.61% (-14bps)**
- **The dollar strengthens (DXY +0.4%) as most developed and emerging currencies trade in negative territory. NZD (-0.7%) is the weakest among G10 currencies and BRL (-1.8%) leads the declines among emerging markets. The Mexican peso posts marginal changes and trades at 19.57 per dollar**
- **Crude-oil futures fall 0.5% due to concerns about weak demand in China as the COVID-zero policy is maintained. Metals prices were predominantly negative, with aluminum dropping 1.6%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,513.94	-2.0%
S&P 500	3,748.57	-2.1%
Nasdaq	10,353.17	-2.5%
IPC	50,545.76	-0.7%
Ibovespa	113,580.09	-2.2%
Euro Stoxx 50	3,728.03	-0.3%
FTSE 100	7,296.25	-0.1%
CAC 40	6,430.57	-0.2%
DAX	13,666.32	-0.2%
Nikkei 225	27,716.43	-0.6%
Hang Seng	16,358.52	-1.2%
Shanghai Composite	3,048.17	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	4.58	-7pb
10-year Treasuries	4.09	-3pb
28-day Cetes	9.28	9pb
28-day TIIE	9.63	1pb
2-year Mbono	10.20	-8pb
10-year Mbono	9.64	-12pb
<i>Currencies</i>		
USD/MXN	19.58	0.3%
EUR/USD	1.00	-0.6%
GBP/USD	1.14	-1.6%
DXY	110.55	0.8%
<i>Commodities</i>		
WTI	85.83	-3.5%
Brent	92.65	-2.8%
Mexican mix	79.88	-3.5%
Gold	1,706.74	-0.3%
Copper	370.00	0.5%

Source: Bloomberg

Corporate Debt

- **Banco Santander Mexico announced the maturity and payment of its Senior Notes 4.125% due 2022 for US\$1.0 billion**
- **S&P Global Ratings confirmed the 'mxAAA' rating for Femsa's proposed notes, FEMSA 22L / 22-2L, for up to MXN 10.0 billion. The outlook remained Stable. The agency mentions that the subordination risk is low, given FEMSA's low adjusted leverage level, that stood below 2.0x for the last twelve months as of 3Q22**
- **HR Ratings affirmed the ratings for issuance FIMUBCB 21 (Fimubac's ABS) at 'HR AAA (E)' with Stable outlook, based on the Maximum Default of 51.5% the structure could withstand in a stress scenario**

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, 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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	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>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V. since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.

Research and Strategy

Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000

Economic Research

Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Cellina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
-------------------------	-----------------------------	----------------------------	------------------

Fixed income and FX Strategy

Leslie Thalia Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Victor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Analyst	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746

Corporate Debt

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Quantitative Analysis

Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Daniela Olea Suarez	Senior Analyst, Quantitative Analysis	daniela.olea.suarez@banorte.com	(55) 1103 - 4000
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Salvador Austria Valencia	Analyst, Quantitative Analysis	salvador.austria.valencia@banorte.com	(55) 1103 - 4000

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	raul.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899