

# Financial Markets Daily

November 16, 2022

## Main drivers for the financial markets today...

- **Stock markets negative (including S&P500 futures), government bond yields mixed and the USD lower. Geopolitical tensions decrease after statements from NATO regarding the missiles that fell in Poland. Meanwhile, investors await further signals about the state of the economy and comments from Fed members**
- **NATO representatives mentioned that missiles that landed in Poland –resulting in the death of two people– do not seem to be a deliberate attack from Russia falling in said country as part of the anti-missile response from Ukraine. Nevertheless, they mentioned that investigations will continue**
- **On the monetary policy front, Esther George (Kansas Fed) mentioned that the risk of inflation becoming entrenched is high considering a tight labor market. As such, she stated that it will be difficult to reduce inflation without a recession. Considering this, we will be looking into comments from Williams (New York Fed), Barr (Fed Board) and Waller (Fed Board)**
- **On economic data, October's inflation in the UK remained to the upside at 9.6% y/y (including housing), while the conventional metric reached 11.1%. In the US, attention will center in October's retail sales –expecting +1.5% m/m– and industrial production –anticipating +0.2%–**
- **Donald Trump officially announced its intention to run for President in 2024. Nevertheless, it is expected he faces more pushback from his own party considering disappointing results in the latest intermediate elections. Meanwhile, a judge suspended the 'Title 42' measure, which made people looking asylum in the US to wait for resolutions in Mexico or in their country of origin**

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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>United States</i>					
8:30	Advance retail sales* - Oct	% m/m	1.5	1.0	0.0
8:30	Ex autos & gas* - Oct	% m/m	--	0.2	0.3
8:30	Control group* - Oct	% m/m	0.3	0.3	0.4
9:15	Industrial production* - Oct	% m/m	0.2	0.1	0.4
9:15	Manufacturing production* - Oct	% m/m	0.3	0.2	0.4
9:50	Fed's Williams Speaks at 2022 Treasury Market Conference				
10:00	Fed's Barr testifies before House panel				
14:35	Fed's Waller discusses the economic outlook				

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	3,997.50	-0.1%
Euro Stoxx 50	3,892.79	-0.6%
Nikkei 225	28,028.30	0.1%
Shanghai Composite	3,119.98	-0.4%
<i>Currencies</i>		
USD/MXN	19.35	-0.1%
EUR/USD	1.04	0.7%
DXY	106.06	-0.3%
<i>Commodities</i>		
WTI	86.95	0.0%
Brent	93.97	0.1%
Gold	1,782.08	0.2%
Copper	378.45	-0.9%
<i>Sovereign bonds</i>		
10-year Treasury	3.76	-1pb

Source: Bloomberg

## Equities

- **Stock markets with negative bias, reflecting caution and with investors assessing the implications of geopolitical tensions between Russia and Ukraine, as well as corporate results heading into the final stretch of the US earnings season**
- **Futures in the US anticipate an unchanged opening with the S&P500 trading 0.1% below its theoretical value. Target Corp falls more than 13% on pre-market after reporting lower earnings per share and realizing adjustments for next quarter's outlook. Europe trades with losses, the Eurostoxx down 0.6%, with the largest drop in the real estate sector. Finally, Asia closed with declines, with the Hang Seng down 0.5%**
- **On the national corporate front, we will be paying special attention for any news regarding Cemex's prospects at its NY investor day. In turn, in the US, of 7 companies of the S&P500 that today publish their results, 2 have already done it. NVIDIA reports after market close**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets trade with gains of up to -6bps while the Treasury curve registers a slight flattening with 1bp pressure on the short-end and few changes on the long-end. Yesterday, the Mbonos' curve closed with gains of 4bps on average and the 10-year benchmark at 9.16% (-6bps)**
- **The dollar weakens (DXY -0.3%) while most developed currencies trade in positive territory and emerging currencies with mixed performance. In the first group, EUR (+0.7%) is the strongest and in the second, RUB (+1.4%) and KRW (-0.6%) are at the ends of the spectrum. The Mexican peso trades with few changes at 19.36 per dollar**
- **Crude oil futures trade with volatility and negative bias reacting to the attack on an Israeli tanker off the coast of Oman. In metals, silver advanced 1.7%, while industrial metals traded with losses, among which nickel traded with a 3.8% slump**

## Corporate Debt

- **PEMEX and the US Environmental Protection Agency (EPA) announced a working collaboration to reduce methane gas emissions, which will further the global goals of the Global Methane Commitment. Through the agreement, EPA will support PEMEX with diagnostics and economic analyzes to support decision-making in its onshore oil and natural gas operations. According to the statement, with EPA's support, PEMEX will develop and launch a mitigation plan in the first half of 2023**
- **Moody's Local MX upgraded Banco del Bajío's long-term rating to 'AA+.mx' from 'AA.mx' with a stable outlook. According to the agency, the upgrade reflects the strengthening of its deposit franchise, which had a 10% growth y/y as of September 2022**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,592.92	0.2%
S&P 500	3,991.73	0.9%
Nasdaq	11,358.41	1.4%
IPC	51,655.68	-0.2%
Ibovespa	113,161.28	0.0%
Euro Stoxx 50	3,915.09	0.7%
FTSE 100	7,369.44	-0.2%
CAC 40	6,641.66	0.5%
DAX	14,378.51	0.5%
Nikkei 225	27,990.17	0.1%
Hang Seng	18,343.12	4.1%
Shanghai Composite	3,134.08	1.6%
<i>Sovereign bonds</i>		
2-year Treasuries	4.34	-5pb
10-year Treasuries	3.77	-8pb
28-day Cetes	9.37	-40pb
28-day TIIE	10.25	1pb
2-year Mbono	9.80	-2pb
10-year Mbono	9.16	-6pb
<i>Currencies</i>		
USD/MXN	19.37	0.1%
EUR/USD	1.03	0.2%
GBP/USD	1.19	0.9%
DXY	106.40	-0.2%
<i>Commodities</i>		
WTI	86.92	1.2%
Brent	93.86	0.8%
Mexican mix	80.19	0.2%
Gold	1,778.94	0.4%
Copper	381.95	-0.2%

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

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