

Financial Markets Daily

November 17, 2022

Main drivers for the financial markets today...

- Negative stock markets, while USD and government bond yields are up amid mounting concerns about the health of the global economy and signs that some Fed members do not see rate hikes pausing any time soon with the objective to diminish prices pressures
- Regarding the development of the midterm elections, yesterday it was confirmed that the Republicans will have control of the House of Representatives, but with only a small margin, while the Senate remained in the hands of the Democrats, so Biden will work with a bipartisan Congress
- Today markets will be attentive to Fed member's interventions highlighting Bullard, Bowman, Mester, Jefferson and Kashkari, looking for more signs on the magnitude of the next move at the December meeting
- As for economic data, the Philly Fed manufacturing index for the Philadelphia region will be published in the US, which we estimate will remain in contraction around -9.0pts. In addition, jobless claims for the week ending November 12 and October's housing starts and permits will also be posted
- In the Eurozone, final inflation for October was released, revised slightly downwards to 10.6% y/y from 10.7% reported in the preliminary figures

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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>Eurozone</i>					
5:00	Consumer prices - Oct (F)	% y/y	--	10.7	9.9
5:00	Core - Oct (F)	% y/y	--	5.0	5.0
<i>United States</i>					
8:00	Fed's Bullard discusses the Economy and Monetary Policy				
8:30	Housing starts** - Oct	thousands	--	1,412	1,439
8:30	Building permits** - Oct	thousands	--	1,514	1,564
8:30	Philadelphia Fed* - Nov	index	-9.0	-6.0	-8.7
8:30	Initial jobless claims* - Nov 12	thousands	223	222	225
9:15	Fed's Bowman discusses financial literacy and inclusion				
9:40	Fed's Mester Speaks at Financial Stability Conference				
10:40	Fed's Jefferson and Kashkari Take Part in Panel Discussion				
13:45	Fed's Kashkari Takes Part in Moderated Q&A				

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	3,936.00	-0.8%
Euro Stoxx 50	3,862.70	-0.5%
Nikkei 225	27,930.57	-0.3%
Shanghai Composite	3,115.44	-0.1%
<i>Currencies</i>		
USD/MXN	19.45	0.6%
EUR/USD	1.03	-0.6%
DX-Y	106.90	0.6%
<i>Commodities</i>		
WTI	83.81	-2.1%
Brent	91.40	-1.6%
Gold	1,762.61	-0.6%
Copper	372.55	-1.3%
<i>Sovereign bonds</i>		
10-year Treasury	3.74	5pb

Source: Bloomberg

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Equities

- **Equity markets with negative sentiment as investors respond to the latest batch of quarterly results and following comments from some members of the FED who expect that rate hikes will continue**
- **US futures anticipate a downward opening, with the S&P 500 trading 0.6% below their theoretical value and the Nasdaq -0.6%. Likewise, Europe trades with generalized losses in stock markets, with the Eurostoxx Index down -0.4%, the health care sector registering the largest adjustments. Meanwhile, Asia closed negative, with the Hang Seng down 1.2%. Finally, in Mexico, the Mexbol Index could hover around 51,200pts**
- **On the international corporate front, Bath & Body Works jumped more than 20% on premarket after reporting better than expected. While Cisco rose more than 5% after beating both earnings and revenue estimates**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European rates fluctuate between +/- 6bps. While the Treasuries curve registers losses of 4bps, on average. Yesterday, the Mbonos' curve flattened with pressures of 2bps on the short-end and gains of 7bps on the long-end**
- **The dollar advances, DXY (+0.6%), as all developed currencies trade in negative territory with NOK (-1.6%) leading the losses. In EM, the bias is negative with HUF (-1.8%) as the weakest. Meanwhile, MXN depreciates 0.6% to 19.44 per dollar, after gaining 0.2% yesterday**
- **Crude-oil futures retreat more than 1.0% due to demand pressures with rising Covid cases in China and JPMorgan Chase & Co. forecasting a mild recession in the US. In addition, metals trade in negative territory with copper down 1.3%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,553.83	-0.1%
S&P 500	3,958.79	-0.8%
Nasdaq	11,183.66	-1.5%
IPC	51,544.94	-0.2%
Ibovespa	110,243.33	-2.6%
Euro Stoxx 50	3,882.78	-0.8%
FTSE 100	7,351.19	-0.2%
CAC 40	6,607.22	-0.5%
DAX	14,234.03	-1.0%
Nikkei 225	28,028.30	0.1%
Hang Seng	18,256.48	-0.5%
Shanghai Composite	3,119.98	-0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	4.35	2pb
10-year Treasuries	3.69	-8pb
28-day Cetes	9.44	7pb
28-day TIE	10.24	-1pb
2-year Mbono	9.83	3pb
10-year Mbono	9.10	-6pb
<i>Currencies</i>		
USD/MXN	19.34	-0.2%
EUR/USD	1.04	0.4%
GBP/USD	1.19	0.4%
DXY	106.28	-0.1%
<i>Commodities</i>		
WTI	85.59	-1.5%
Brent	92.86	-1.1%
Mexican mix	79.29	-1.1%
Gold	1,773.87	-0.3%
Copper	377.35	-1.2%

Source: Bloomberg

Corporate Debt

- **Fibra MTY informed that it reached an agreement with the owner of an industrial portfolio to evaluate a possible sale and purchase transaction. The portfolio is made up of 46 industrial buildings located in 12 markets in the Mexican Republic and has a total gross leasable area of approximately 822,052m2. The purchase price would be settled through a combination of cash, lines of credit and equity**
- **HR Ratings ratified the ratings of 'HR AAA / HR BBB+(G)' with a Stable Outlook for Fibra Prologis. According to the agency, the ratification is based on the generation of Free Cash Flow (FCF) observed during the last twelve months to 3Q22, which is higher than in its base scenario**

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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.

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