

# Financial Markets Daily

November 22, 2022

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

- **Stock markets positive, government bond yields mixed, USD lower and oil climbing, with investors analyzing comments from Fed speakers looking for clues on the pace of hikes, while contagions rise in China and OPEC rules out an increase in production**
- **Mexican markets were closed yesterday in remembrance of Revolution Day. Meanwhile, September's retail sales stood at -0.2% m/m (3.3% y/y)**
- **In addition, the OECD updated its Economic Outlook, in which we highlight the downward revision in 2023 global GDP to 2.2%, following a 3.1% expansion this year. In addition, they revised inflation expectations to the upside, recognizing this is the main issue central banks have to tackle**
- **Market attention this week on November PMIs in Germany, the Eurozone, UK, and the US, as well as inflation for 1H-Nov in Brazil and Mexico. Monetary policy decisions in Israel, New Zealand, Korea, Sweden, Turkey, and South Africa, as well as minutes from the Fed, ECB and Banxico. In events, we note only a meeting of EU energy ministers to discuss a potential price ceiling in natural gas**
- **US markets will be closed on Thursday because of Thanksgiving, followed by Black Friday. Data releases include durable goods (Oct) and the U. of Michigan consumer sentiment indicator (Nov F) Going to other regions, we highlight consumer confidence in the Eurozone (Nov), as well as the IFO survey (Nov) and 3Q22 GDP in Germany. In Mexico, data includes 3Q22 GDP and current account, along with IGAE (Sep)**

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forecasters for Mexico in 2021, granted by  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
	OECD Publishes Economic Outlook				
<i>Eurozone</i>					
4:00	Current account* - Sep	EURbn	--	--	-26.3
10:00	Consumer confidence* - Nov (P)	index	--	-26.0	-27.6
<i>Mexico</i>					
7:00	Retail sales - Sep	% y/y	3.9	3.9	4.7
7:00	Retail sales* - Sep	% m/m	-0.1	0.1	-0.4
12:30	Government weekly auction: 1-, 3-, 6-, 24- month CETES; 20-year Mbono (Nov'42); 20-year Udibono (Nov'35) and 1-, 3-, and 7-year Bondes F				
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
11:00	Fed's Mester Discusses Wages and Inflation				
14:15	Fed's George takes part in policy panel				
14:45	Fed's Bullard Discusses Heterogeneity in Macroeconomics				

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	3,972.75	0.4%
Euro Stoxx 50	3,916.71	0.2%
Nikkei 225	28,115.74	0.6%
Shanghai Composite	3,088.94	0.1%
<i>Currencies</i>		
USD/MXN	19.56	0.1%
EUR/USD	1.03	0.3%
DXY	107.38	-0.4%
<i>Commodities</i>		
WTI	81.22	1.9%
Brent	88.82	1.6%
Gold	1,745.14	0.4%
Copper	364.45	2.0%
<i>Sovereign bonds</i>		
10-year Treasury	3.80	-3pb

Source: Bloomberg

## Equities

- **Mixed movements in equity markets as investors are cautious following a spike in COVID-19 cases in China, which could lead to restrictions being reinstated to curb virus spread, while assessing any signals on the trajectory of central banks monetary policy**
- **In Asia the markets closed mixed. In Europe most stocks advance, the Eurostoxx adds 0.2%. Shares from energy and utilities sectors lead gains, while those from consumer staples and consumer discretionary superhead losses. In turn, in the US the futures of main indices point to a slight positive opening (+0.2% on average)**
- **In Mexico, operations will resume after yesterday's holiday. After the IPC closed last Friday at 51,570 points, we expect this week a trading range between 50,400 - 52,550pts**

## Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. European assets adjust +2bps, on average, while Treasuries register gains of up to 8bps in the belly. Last week, the Mbonos' curve flattened as a result of losses in the short-end (+20bps) and gains in the long-end (-11bps). Moreover, the 10-year benchmark closed at 9.23% (+5bps)**
- **Dollar weakens against all G10 currencies, with NOK (+0.9%) as the strongest. In EM, the bias is positive with CLP (+0.8%) leading gains. Meanwhile, MXN trades with few changes at 19.56 per dollar, after a 0.5% depreciation yesterday**
- **Crude-oil surged more than 1.5%, assimilating that both Saudi Arabia and Kuwait rejected the idea the notion that the group is planning a production hike. Widespread gains in metals and grains**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,700.28	-0.1%
S&P 500	3,949.94	-0.4%
Nasdaq	11,024.51	-1.1%
IPC	51,569.72	0.0%
Ibovespa	109,748.18	0.8%
Euro Stoxx 50	3,909.28	-0.4%
FTSE 100	7,376.85	-0.1%
CAC 40	6,634.45	-0.2%
DAX	14,379.93	-0.4%
Nikkei 225	27,944.79	0.2%
Hang Seng	17,655.91	-1.9%
Shanghai Composite	3,085.04	-0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	4.55	2pb
10-year Treasuries	3.83	0pb
28-day Cetes	9.89	0pb
28-day TIIE	10.25	0pb
2-year Mbono	10.03	0pb
10-year Mbono	9.25	0pb
<i>Currencies</i>		
USD/MXN	19.54	0.5%
EUR/USD	1.02	-0.8%
GBP/USD	1.18	-0.6%
DXY	107.84	0.8%
<i>Commodities</i>		
WTI	79.73	-0.4%
Brent	87.45	-0.2%
Mexican mix	73.97	0.0%
Gold	1,738.05	-0.7%
Copper	357.60	-1.8%

Source: Bloomberg

## Corporate Debt

- **América Móvil's issuances, AMX 22 / 22-2 / 22-3 / 22U, are expected this week and will be jointly placed through communicating vessels for an amount of MXN 15 billion, with an overallotment option for up to an additional MXN 15 billion**
- **HR Ratings ratified the 'HR AAA' rating with a stable outlook for Mexico City. According to the agency, the ratification of the rating is due to the support granted by the Federal Government ('HR AAA', on a local scale) to the debt obligations of Mexico City**
- **S&P Global Ratings maintains Mexarrend's ratings, 'CCC+/mxB-' on CreditWatch negative. Mexarrend paid its bonds for US\$30 million; however, the agency expects the entity's liquidity to remain limited due to persistent adverse conditions**

## 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
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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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