

Financial Markets Daily

November 24, 2022

Main drivers for the financial markets today...

- **Positive stock markets, USD and government bond yields down after the FOMC's last meeting minutes showed support for more moderate interest rate hikes, albeit also weighing the impact of a new record in China's daily COVID-19 cases**
- **In the US, markets closed for Thanksgiving Day. In other regions, ECB's last meeting minutes were released, highlighting that the weakness of the euro may cause inflationary pressures. Likewise, it was explained that a large majority supported the 75bp increase in said meeting. They estimate a contraction in economic activity in 4Q22 and 1Q23**
- **In Mexico, INEGI published 1H-November's inflation at 0.56% 2w/2w, surprising lower. The core came in at 0.34% 2w/2w, higher than expected. With these results, annual inflation came in at 8.14% (previous: 8.28%), with the core at 8.66% (previous: 8.45%)**
- **Banxico's minutes will be released. We will remain on the look to comments on the relative monetary stance as one of the points to consider ahead, especially if there are more details about the conditions needed to be met for a potential 'decoupling' from the Fed, along with evaluations on the adequate level for the terminal rate**

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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
United States					
	Markets closed due to Thanksgiving holiday				
Eurozone					
4:00	IFO Survey (business climate)* - Nov	index	--	85.0	84.3
7:30	ECB minutes				
Turkey					
6:00	Monetary policy decision (Central Bank of Turkey)	%	--	9.00	10.50
Brazil					
7:00	Consumer prices - Nov	% m/m	--	0.58	0.16
7:00	Consumer prices - Nov	% y/y	--	6.23	6.85
Mexico					
7:00	Consumer prices - Nov 15	% m/m	0.58	0.62	0.15
7:00	Core - Nov 15	% m/m	0.31	0.30	0.26
7:00	Consumer prices - Nov 15	% y/y	8.16	8.21	8.28
7:00	Core - Nov 15	% y/y	8.62	8.62	8.45
10:00	Banxico's minutes				
South African					
	Monetary policy decision (S. African Reserve Bank)	%	--	7.00	6.25

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	4,042.50	0.2%
Euro Stoxx 50	3,966.32	0.5%
Nikkei 225	28,383.09	1.0%
Shanghai Composite	3,089.31	-0.2%
<i>Currencies</i>		
USD/MXN	19.35	-0.1%
EUR/USD	1.04	0.1%
DX-Y	105.87	-0.2%
<i>Commodities</i>		
WTI	77.76	-0.2%
Brent	84.87	-0.6%
Gold	1,757.46	0.4%
Copper	363.95	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	3.69	0pb

Source: Bloomberg

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Equities

- **Stock markets with positive sentiment after the last minutes of Federal Reserve officials, where they expect lower increases in interest rate hikes while they remain attentive to the evolution of economic conditions. On the other hand, trading volumes are expected to be lower in the US and affecting the rest of stock exchanges due to Thanksgiving holiday**
- **In Europe markets advance, the Eurostoxx index rises 0.5%. Company's shares in the real estate and communication services sectors lead the gains. Meanwhile, Asia closed mostly positive, with the Nikkei up 1.0%**
- **In Mexico, the Mexbol Index could hover around 52,200 pts**

Sovereign fixed income, currencies and commodities

- **The US market will be closed today for the Thanksgiving holiday, so trading volume will be limited. European assets gain 10bps, on average. Yesterday, the Mbonos' curve flattened with pressures of 2bps on the short-end and gains of 3bps on the long-end**
- **The dollar retreats, DXY (-0.2%), amid positive bias in developed currencies with JPY (+0.9%) leading the group. In EM, the bias is also positive with MYR (+1.8%) as the strongest. Meanwhile, MXN appreciates 0.1% to 19.34 per dollar, after gaining 0.4% yesterday**
- **Crude-oil futures retreat after EU failed to agree on the gas price cap of 275 EUR/MWH. Moreover, China records 30,000 daily Covid-19 cases, the highest number since the start of the pandemic. In addition, metals trade in positive territory with gold gaining 0.8%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,194.06	0.3%
S&P 500	4,027.26	0.6%
Nasdaq	11,285.32	1.0%
IPC	51,993.95	0.5%
Ibovespa	108,841.15	-0.2%
Euro Stoxx 50	3,946.44	0.4%
FTSE 100	7,465.24	0.2%
CAC 40	6,679.09	0.3%
DAX	14,427.59	0.0%
Nikkei 225	28,115.74	0.0%
Hang Seng	17,523.81	0.6%
Shanghai Composite	3,096.91	0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	4.48	-4pb
10-year Treasuries	3.69	-6pb
28-day Cetes	9.84	14pb
28-day TIE	10.26	1pb
2-year Mbono	10.03	0pb
10-year Mbono	9.14	-2pb
<i>Currencies</i>		
USD/MXN	19.36	-0.4%
EUR/USD	1.04	0.9%
GBP/USD	1.21	1.4%
DXY	106.08	-1.1%
<i>Commodities</i>		
WTI	77.94	-3.7%
Brent	85.41	-3.3%
Mexican mix	71.69	-3.4%
Gold	1,749.68	0.5%
Copper	361.85	0.1%

Source: Bloomberg

Corporate Debt

- **Today, we expect the auction of four unsecured bonds from América Móvil, AMX 22 / 22-2 / 22X / 22-2X, including two sustainable bonds, for an amount of MXN 15.0 billion (with an option to over-assign an additional MXN 15.0 billion) and 2, 3, 10 and 15-year terms. The bonds have a local scale 'AAA' rating by S&P Global, Moody's Local MX and Fitch Ratings**
- **PEMEX informed that it signed an agreement with New Fortress Energy to resume the gas extraction works in the Lakach gas field. The agreement includes a US\$1.5 billion investment by New Fortress Energy**
- **Fitch Ratings placed Crediclub's 'A-(mex)' and 'F2(mex)' ratings in Positive Watch, following the recent announcement of the addition of new investors for US\$80 million**

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