

Financial Markets Daily

November 29, 2022

Main drivers for the financial markets today...

- **Stock markets with positive bias, oil up, government bond yields and USD down, while crude-oil surges as China boosts vaccinations for those over 80, a crucial move to end COVID-zero restrictions, and Fed and ECB members signal the need for more rate hikes, albeit at a slower pace**
- **Today NATO countries begin their two-day meeting in Romania to discuss about the war in Ukraine**
- **Regarding economic figures, in the US, November Conference Board Consumer Confidence will be released. Consensus expects it to moderate once again to 99.8pts from the 102.5pts seen in the previous month**
- **In the Eurozone, confidence in the economy rose slightly from 92.7pts to 93.7pts, while confidence in industry continued to fall. Later, China will publish its PMI indicators for November**
- **In Mexico, INEGI released October's employment report. The unemployment rate fell to 3.30% (-4bps), with a gain of 925.6 thousand jobs. With seasonally adjusted figures we saw an increase to 3.22% (+7bps)**

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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
<i>Eurozone</i>					
5:00	EZ Economic confidence* - Nov	index	--	93.0	92.5
5:00	EZ Consumer confidence - Nov (F)	index	--	--	-23.9
8:00	GER Consumer prices - Nov (P)	% y/y	--	10.4	10.4
<i>Mexico</i>					
7:00	Unemployment rate - Oct	%	3.21	3.24	3.34
10:00	International reserves - Nov 25	US\$bn	--	--	198.2
12:30	Government weekly auction: 1-, 3-, 6-, 12- month CETES: 5-year Mbono (Mar'27); 10-year Udibono (Nov'31) and 2-, 5-, and 10-year Bondes F				
<i>United States</i>					
9:00	S&P/CoreLogic housing prices - Sep	% y/y	--	10.5	13.1
10:00	Consumer confidence* - Nov	index	--	99.8	102.5
<i>China</i>					
20:30	Manufacturing PMI* - Nov	index	--	49.2	49.2
20:30	Non-manufacturing PMI* - Nov	index	--	48.0	48.7
20:30	Composite PMI* - Nov	index	--	--	49.0

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	3,980.75	0.3%
Euro Stoxx 50	3,944.43	0.2%
Nikkei 225	28,027.84	-0.5%
Shanghai Composite	3,149.75	2.3%
<i>Currencies</i>		
USD/MXN	19.09	-1.1%
EUR/USD	1.04	0.4%
DX	106.34	-0.3%
<i>Commodities</i>		
WTI	79.05	2.3%
Brent	85.56	2.8%
Gold	1,756.47	0.9%
Copper	365.00	1.1%
<i>Sovereign bonds</i>		
10-year Treasury	3.67	-1pb

Source: Bloomberg

Equities

- **Positive bias in equity markets as concerns about the unrest in China and its COVID-19 protocols seem to diminish, after reinforcing vaccination among senior citizens and with Chinese authorities saying to avoid excessive restrictions**
- **In Asia most markets closed positive and the Hang Seng's 5.2% advance stood out. In Europe increases also prevail, the Eurostoxx adds 0.2%. Shares from energy and health care sectors lead gains, while those from materials and information technology superhead losses. In turn, in the US the futures of main indices point to a positive open by rising 0.3% on average**
- **In Mexico, the Mexbol may stand around the 51,200 pts**

Sovereign fixed income, currencies and commodities

- **Widespread in sovereign bonds. European assets record a 10bps rally, on average, while Treasuries register gains of 2bps. Yesterday, the Mbonos' curve printed a 8bps sell-off, on average, with the 10-year benchmark closing at 9.20% (+8bps)**
- **Dollar weakens against most of the G10 currencies, with AUD (+1.2%) as the strongest. In EM, the bias is positive with ZAR (+1.2%) leading gains. Meanwhile, MXN trades as the third strongest at 19.09 (+1.1%) per dollar, after reaching its best intraday level since the beginning of the pandemic in 2020 of 19.04 per dollar earlier**
- **Crude-oil rose after Beijing said it would bolster vaccination for those over 80, a move regarded as a crucial toward reopening the economy. Moreover, the market will be focused on the next OPEC+ Ministerial Meeting on Sunday where a cut output is expected**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,849.46	-1.4%
S&P 500	3,963.94	-1.5%
Nasdaq	11,049.50	-1.6%
IPC	51,081.33	-1.1%
Ibovespa	108,782.15	-0.2%
Euro Stoxx 50	3,935.51	-0.7%
FTSE 100	7,474.02	-0.2%
CAC 40	6,665.20	-0.7%
DAX	14,383.36	-1.1%
Nikkei 225	28,162.83	-0.4%
Hang Seng	17,297.94	-1.6%
Shanghai Composite	3,078.55	-0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	4.44	-1pb
10-year Treasuries	3.68	0pb
28-day Cetes	10.03	4pb
28-day TIIE	10.29	1pb
2-year Mbono	10.27	11pb
10-year Mbono	9.19	6pb
<i>Currencies</i>		
USD/MXN	19.30	-0.1%
EUR/USD	1.03	-0.5%
GBP/USD	1.20	-1.1%
DXY	106.68	0.7%
<i>Commodities</i>		
WTI	77.24	1.3%
Brent	83.19	-0.5%
Mexican mix	69.90	-2.5%
Gold	1,741.36	-0.8%
Copper	361.55	-0.4%

Source: Bloomberg

Corporate Debt

- **Banco Inxev (Trustee) realized the accelerated amortization of the TFOVICB 20U issuance for MXN 44.6 million to reach the target over-collateral (25%). The issuance currently has an outstanding of MXN 5.72 billion and is rated 'AAA (mex) / HR AAA' by Fitch and HR Ratings**
- **S&P Global Ratings affirmed HIR Casa's ratings at 'mxA' and 'mxA-1'; the outlook is stable. According to the agency, HIR Casa has managed to maintain a growth trend in its income, despite challenging economic conditions**
- **S&P Global Ratings upgraded the State of Veracruz's rating to 'mxBBB' from 'mxBBB-'; the outlook remains positive. According to the agency, Veracruz has managed to maintain a balanced budget performance, contain financing needs and gradually reduce its high contingent liabilities**

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