

Financial Markets Daily

November 30, 2022

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields mixed and USD lower, with a positive surprise in Eurozone inflation and some signs of progress on the COVID-zero policy in China. Attention on Jerome Powell's speech**
- **In China, actions to suppress protests continue, albeit with health authorities commented that 'reasonable concerns' should be dealt with quickly. In this context, official PMIs for November in that country showed an additional deterioration, highlighting the composite index at 47.1pts (previous: 49.0pts)**
- **In the US, we have a busy schedule, highlighting the revision to 3Q22 GDP, ADP employment and the JOLTS report, among others. In the Eurozone, November's inflation declined 0.1% m/m, albeit with the annual print still high at 10.0%. In Brazil, the unemployment rate moderated to 8.3% in October, while in Mexico we expect banking credit and public finances for October**
- **On the monetary policy front, we highlight Fed Chairman Jerome Powell's speech on the economy and the labor market, likely signaling a moderation in the pace of rate hikes in December. We will also have participations from Bowman and Cook. In Mexico, attention on Banxico's Quarterly Report, expecting mixed revisions on growth estimates**

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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>United States</i>					
8:15	ADP employment* - Nov	thousands	195	200	239
8:30	Trade balance* - Oct	US\$bn	--	-90.1	-92.2
8:30	Gross domestic product** - 3Q22	% q/q	2.6	2.7	2.6
8:30	Personal consumption** - 3Q22	% q/q	1.5	1.4	1.4
8:50	Fed's Bowman Discusses the Future of Small Banks				
11:35	Cook del Fed, habla sobre el panorama para la economía y la política monetaria				
13:30	Powell Discusses the Economic Outlook and the Labor Market				
14:00	Beige Book				
<i>Mexico</i>					
10:00	Banking credit - Oct	% y/y	4.1	--	3.9
13:30	Bannxico's Quarterly Report				
15:30	Public finances (PSBR, year-to-date) - Oct	MXNmn	--	--	-492.3
<i>China</i>					
20:45	Manufacturing PMI (Caixin)* - Nov	index	--	48.9	49.2

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	3,967.75	0.1%
Euro Stoxx 50	3,964.54	0.8%
Nikkei 225	27,968.99	-0.2%
Shanghai Composite	3,151.34	0.1%
<i>Currencies</i>		
USD/MXN	19.28	0.3%
EUR/USD	1.04	0.3%
DX	106.49	-0.3%
<i>Commodities</i>		
WTI	79.93	2.2%
Brent	84.84	2.2%
Gold	1,761.41	0.7%
Copper	371.80	2.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.73	-2pb

Source: Bloomberg

Equities

- **Stock markets with positive bias, reflecting a favorable sentiment, after the release of Eurozone's inflation data which opens the possibility of less aggressive interest rate hikes, as investors await Powell's speech, focusing on the economic and monetary outlook**
- **Futures in the US anticipate a slightly positive opening with the S&P500 trading 0.1% above its theoretical value. Europe trades higher, with the Eurostoxx rising 0.8%, with the consumer discretionary sector posting the strongest advance, while healthcare companies amounted adjustments. Asia closed with gains, with the Hang Seng rising 2.2%, driven by favorable signals that China is easing its COVID-Zero policy, supporting growth expectations among investors**
- **In Mexico, the Mexbol Index could be consolidating around 50,000pts**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets trade with losses of 2bps on average while the Treasuries yield curve posts gains of up to 2bps from the 5-year node. Yesterday, the Mbonos' curve flattened, as a result of +9bps adjustments on the short-end and +5bps on long-term securities**
- **The USD trades in negative territory (DXY -0.3%) while most G-10 and emerging currencies trade with gains. In the former group, NOK (+0.9%) is the strongest and in the latter, MYR (+1.5%) leads the gains. The Mexican peso reverses part of yesterday's gains, depreciating 0.3% to 19.28 per dollar, being the only EM currency in negative territory**
- **Crude oil futures advance 2.4% on average on signs of a larger inventory drawdown in the US and signs of a reopening in China. In metals, aluminum and copper are up 2.1%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,852.53	0.0%
S&P 500	3,957.63	-0.2%
Nasdaq	10,983.78	-0.6%
IPC	50,174.06	-1.8%
Ibovespa	110,909.61	2.0%
Euro Stoxx 50	3,934.44	0.0%
FTSE 100	7,512.00	0.5%
CAC 40	6,668.97	0.1%
DAX	14,355.45	-0.2%
Nikkei 225	28,027.84	-0.5%
Hang Seng	18,204.68	5.2%
Shanghai Composite	3,149.75	2.3%
<i>Sovereign bonds</i>		
2-year Treasuries	4.47	4pb
10-year Treasuries	3.74	6pb
28-day Cetes	9.68	-35pb
28-day TIE	10.29	0pb
2-year Mbono	10.36	9pb
10-year Mbono	9.30	11pb
<i>Currencies</i>		
USD/MXN	19.23	-0.4%
EUR/USD	1.03	-0.1%
GBP/USD	1.20	-0.1%
DXY	106.82	0.1%
<i>Commodities</i>		
WTI	78.20	1.2%
Brent	83.03	-0.2%
Mexican mix	70.84	1.3%
Gold	1,749.85	0.5%
Copper	363.95	0.7%

Source: Bloomberg

Corporate Debt

- **HR Ratings ratified FHIPOCB 17U / 20 / 21 / 21-2 / 21-3 (FHIPO's RMBS) ratings at 'HR AAA (E)' with a stable outlook. According to the agency, the ratifications are based on the maximum delinquency supported by the issuances under a stress scenario, which when compared with a historical default rate and the ratio times default rate, were better than the previous analysis of HR Ratings**
- **HR Ratings ratified Ficein Unión de Crédito's rating at 'HR A' with a stable outlook and at 'HR2' for the short term. According to the agency, the ratification on FICEIN's rating is based on the financial recovery that the company has shown in the last 12 months, after a decrease during 2020 and 2021 due to the health contingency. Also, the company presents an adequate solvency position by closing the capitalization index at 20.0%**

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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