

Financial Markets Daily

December 1, 2022

Main drivers for the financial markets today...

- **Positive stock markets while S&P Futures, government bond yields and USD are down amid a softer stance by China on its Zero-COVID Policy, confirmation of slower US rate-hiking pace from Fed's Chairman Jerome Powell and mixed economic indicators**
- **Markets will be attentive to comments from Fed speakers, including Logan, Bowman and Barr, looking for further signals on upcoming FOMC decisions**
- **Regarding economic figures, personal income and spending figures will be published in the US, as well as the PCE deflator for the same month where the consensus expects to see a moderation in both the headline and core. In addition, the ISM manufacturing for November will also be released. We estimate it at 49.7pts less than the previous 50.2pts amid greater challenges in the sector**
- **In Mexico, October's family remittances will be published, where we expect an acceleration in the amount, with the signals for the period having a negative bias, as well as IMEF indicators for November. Banxico's expectations survey will also be released. Focus will be on inflation, growth, the reference rate, and the exchange rate**

Alejandro Padilla
Chief Economist and
Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research
and Financial Markets Strategy
juan.alderete.mactal@banorte.com

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar
Director of Market Strategy
manuel.jimenez@banorte.com

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					
8:30	Personal income* - Oct	% m/m	--	0.4	0.4
8:30	Personal spending* - Oct	% m/m	--	0.8	0.6
8:30	Real personal spending* - Oct	% m/m	0.3	0.4	0.3
8:30	PCE Deflator* - Oct	% m/m	--	0.4	0.3
8:30	Core* - Oct	% m/m	--	0.3	0.5
8:30	PCE Deflator - }Oct	% y/y	--	6.0	6.2
8:30	Core - Oct	% y/y	--	5.0	5.1
8:30	Initial jobless claims* - Nov 26	thousands	235	232	240
9:20	Fed's Logan Speaks at Dallas Breakfast Event				
9:30	Fed's Bowman Speaks at Strategy Forum				
10:00	ISM manufacturing* - Nov	index	49.7	49.8	50.2
15:00	Fed's Barr Discusses Bank Capital				
Mexico					
10:00	Family remittances - Oct	US\$bn	5,215.7	5,105.0	5,030.8
10:00	Survey of expectations (Banxico)				
13:00	PMI manufacturing (IMEF)* - Nov	index	49.5	--	50.1
13:00	PMI non-manufacturing (IMEF)* - Nov	index	52.6	--	51.8

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	4,084.50	0.1%
Euro Stoxx 50	3,991.35	0.7%
Nikkei 225	28,226.08	0.9%
Shanghai Composite	3,165.47	0.4%
<i>Currencies</i>		
USD/MXN	19.29	0.1%
EUR/USD	1.04	0.4%
DX	105.41	-0.5%
<i>Commodities</i>		
WTI	81.49	1.2%
Brent	87.90	2.9%
Gold	1,784.68	0.9%
Copper	374.55	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.59	-1pb

Source: Bloomberg

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Equities

- **Equity markets with positive bias, following dovish comments from Jerome Powell yesterday, opening the possibility of a slower rate hike. Sentiment also received an additional boost after China mentioned that it may enter a new phase with softer COVID-zero policies**
- **US futures anticipates a slightly lower opening with the S&P 500 trading 0.1% below its theoretical value, after closing November with a second month of gains for the first time in more than a year. In Europe, markets advanced, with the Eurostoxx up 0.7% led by the technology sector. Asia closed mostly positive, with the Hang Seng rising 0.8% and the Nikkei 0.9%**
- **In Mexico, the Mexbol Index could hover around 51,900pts, following its international peers**

Sovereign fixed income, currencies and commodities

- **Widespread gains in sovereign bonds. Europe assets print a 12bps rally, on average, while the US Treasuries' curve registers gains of up to 7bps in the long-end. Locally, Mbonos' yield curve recorded a 9bps rally, on average, yesterday**
- **Dollar weakens amid a positive performance in most of the developed currencies with JPY (+1.4%) as the strongest. In EM, the bias is mixed with KRW (+1.5%) and ZAR (-1.9%) at the extremes. Meanwhile, MXN trades at 19.29 per dollar (-0.1%), after a 0.2% depreciation yesterday**
- **Crude-oil extends the rally from the previous session as strict COVID-zero measures are eased in China. Brent trades slightly below 90 \$/bbl. In metals, the balance is positive with copper and gold gaining 0.2% and 0.8%, respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,589.77	2.2%
S&P 500	4,080.11	3.1%
Nasdaq	11,468.00	4.4%
IPC	51,684.86	3.0%
Ibovespa	112,486.01	1.4%
Euro Stoxx 50	3,964.72	0.8%
FTSE 100	7,573.05	0.8%
CAC 40	6,738.55	1.0%
DAX	14,397.04	0.3%
Nikkei 225	27,968.99	-0.2%
Hang Seng	18,597.23	2.2%
Shanghai Composite	3,151.34	0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	4.31	-16pb
10-year Treasuries	3.61	-14pb
28-day Cetes	10.02	34pb
28-day TIE	10.29	1pb
2-year Mbono	10.31	-5pb
10-year Mbono	9.23	-7pb
<i>Currencies</i>		
USD/MXN	19.27	0.2%
EUR/USD	1.04	0.7%
GBP/USD	1.21	0.9%
DXY	105.95	-0.8%
<i>Commodities</i>		
WTI	80.55	3.0%
Brent	85.43	2.9%
Mexican mix	72.77	2.7%
Gold	1,768.52	1.1%
Copper	373.80	2.7%

Source: Bloomberg

Corporate Debt

- **Grupo Axo reported that it entered into various operations with Komax shareholders to acquire, directly or indirectly, all of Komax's shares and therefore its operations in the countries of Chile, Peru and Uruguay. Komax, founded more than 32 years ago, is dedicated to single, multi-brand and multi-channel retail in the categories of clothing, shoes and accessories**
- **HR Ratings upgraded Grupo Lamosa's rating to 'HR AAA' from 'HR AA+', maintaining the stable outlook. According to the agency, the upgrade revision is based on the refinancing of its loan for US\$200 million carried out at the end of 2Q22. This loan was used to finance the acquisition of Grupo Roca's flat ceramic tile division during 3Q21. For its part, the refinancing was carried out based on a new bank loan, a private placement and own resources**

Certification of Analysts.

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
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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Research and Strategy

Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000

Economic Research

Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Cellina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
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Fixed income and FX Strategy

Leslie Thalia Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Victor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Analyst	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746

Corporate Debt

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Quantitative Analysis

Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Daniela Olea Suarez	Senior Analyst, Quantitative Analysis	daniela.olea.suarez@banorte.com	(55) 1103 - 4000
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Salvador Austria Valencia	Analyst, Quantitative Analysis	salvador.austria.valencia@banorte.com	(55) 1103 - 4000

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	raul.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899