

Financial Markets Daily

December 2, 2022

Main drivers for the financial markets today...

- **Stocks markets negative, government bond yields mixed and USD to the downside, with caution ahead of the US labor market report, looking for clues on the economy's health and prospects for less aggressive tightening from Fed, though still unclear about the terminal rate and with recession concerns rising**
- **At the BIS meeting, Christine Lagarde pointed out that due to the exceptional uncertainty it is necessary for central banks to make monetary policy decisions that anchor inflation expectations and signal that inflation will be within its target in the medium-term. Meanwhile, PBoC Governor Yi Gang mentioned that his attention now is on boosting economic activity**
- **The Russian government announced that President Putin remains open to negotiations but has no plans to end the military occupation. The latter was after US President Biden pointed out the possibility of talks if the Russian President agrees to end the war. In the EU, discussions continue to reach an agreement to cap the price of Russian crude oil (US\$60 per barrel), with Monday being the deadline to agree. Meanwhile, Poland and Baltic nations demand economic measures that put more pressure on Russia's revenues**
- **On data, we will focus on November's employment report in the US with consensus at +200k new jobs (Banorte: +190k), which would be its smallest increase since 2020. The unemployment rate is anticipated at 3.7%, unchanged. Finally, on the monetary policy front we will have comments from Evans (Chicago Fed) and Barkin (Richmond Fed)**

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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
<i>Germany</i>					
2:00	Trade balance - Oct	EURbn	--	5.2	2.9
<i>Brazil</i>					
7:00	Industrial production - Oct	% y/y	--	1.2	0.4
7:00	Industrial production* - Oct	% m/m	--	0.4	-0.7
<i>United States</i>					
8:30	Nonfarm payrolls* - Nov	thousands	190	200	261
8:30	Unemployment rate* - Nov	%	3.7	3.7	3.7
10:15	Fed's Evans Speaks at Event on Financial Regulation				
14:00	Fed's Evans Gives Welcome Remarks at Economic Symposium				

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	4,077.50	-0.1%
Euro Stoxx 50	3,982.03	-0.1%
Nikkei 225	27,777.90	-1.6%
Shanghai Composite	3,156.14	-0.3%
<i>Currencies</i>		
USD/MXN	19.17	0.1%
EUR/USD	1.05	0.1%
DX	104.50	-0.2%
<i>Commodities</i>		
WTI	81.10	-0.1%
Brent	86.72	-0.2%
Gold	1,799.32	-0.2%
Copper	380.25	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	3.51	0pb

Source: Bloomberg

Equities

- **Negative bias in main stock indices, with great caution among investors, waiting for the non-farm payroll figures to be published in the US, looking for signals about the Fed's next moves and nervous about the impact that the scenario of higher rates will have on growth and profit generation**
- **Futures in the US anticipate a negative opening with the S&P500 trading 0.1% below its theoretical value. Meanwhile, the technology sector reflects concerns after companies such as *Zscaler* and *Marvell Technology* reported an unencouraging expectation. Similarly, the expectation of cuts in headcount in companies such as *Amazon* and *Ford* remain worrisome**
- **In Europe we see almost widespread, albeit moderate, gains as the Eurostoxx, shaping up for its seventh consecutive week of gains. Asia closed negative, highlighting the Nikkei's fall of 1.6%. In Mexico the Mexbol Index may continue consolidating around 51,500pts**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds with mixed performance. European assets trade with gains of up to 4bps while the Treasury curve registers a slight steepening with gains of 3bps on the short-end and losses of 2bps on the long-end. Yesterday, the Mbonos' curve closed with gains of 14bps on average. The 10-year benchmark ended at 8.99% (-19bps)**
- **The dollar trades with a negative bias as developed and emerging currencies post mixed changes. In the first group, JPY (+0.9%) is the strongest and in the second group, ZAR (+1.5%) and CLP (-0.3%) are at the ends of the spectrum. The Mexican peso trades at 19.17 per dollar, equivalent to a 0.1% depreciation**
- **Crude-oil futures gain 0.5% as they await the EU decision on the ceiling to Russian imports, the OPEC+ decision, and signs of a reopening in China. In metals, negative performance prevails**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,395.01	-0.6%
S&P 500	4,076.57	-0.1%
Nasdaq	11,482.45	0.1%
IPC	51,457.55	-0.4%
Ibovespa	110,925.60	-1.4%
Euro Stoxx 50	3,984.50	0.5%
FTSE 100	7,558.49	-0.2%
CAC 40	6,753.97	0.2%
DAX	14,490.30	0.6%
Nikkei 225	28,226.08	0.9%
Hang Seng	18,736.44	0.7%
Shanghai Composite	3,165.47	0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	4.23	-8pb
10-year Treasuries	3.50	-10pb
28-day Cetes	10.15	13pb
28-day TIIE	10.30	1pb
2-year Mbono	10.23	-8pb
10-year Mbono	9.00	-23pb
<i>Currencies</i>		
USD/MXN	19.15	-0.6%
EUR/USD	1.05	1.1%
GBP/USD	1.22	1.6%
DX-Y	104.73	-1.2%
<i>Commodities</i>		
WTI	81.22	0.8%
Brent	86.88	1.7%
Mexican mix	71.08	-2.3%
Gold	1,803.10	2.0%
Copper	381.75	2.1%

Source: Bloomberg

Corporate Debt

- **S&P Global Ratings decided to withdraw the ratings of the senior and hybrid debt bonds issued by Unifin Financiera, considering that it does not have sufficient information to keep its credit analysis updated. In its statement, the rating agency indicated that said measure was adopted as a result of the relevant event published by Unifin on November 28, 2022, where it reported that it will not publish financial information as of 3Q22**
- **HR Ratings affirmed Montepío's rating at 'HR AA+' and changed the outlook to Stable from Positive. According to the agency, the change in perspective is due to the fact that, although the pawnshop shows a constant generation of comprehensive remnants, it is expected to show lower levels in the next two years due to the expansion of branches carried out in 2022**

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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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