

Financial Markets Daily

December 6, 2022

Main drivers for the financial markets today...

- **Stock markets with a positive bias, government bond yields negative and USD falling slightly, this amid higher pressures for the Fed to keep adjusting rates given strong economic data. This is offsetting for optimism on a reopening in China**
- **China reports a decline in COVID-19 contagions after having reached a peak in late November. This comes along looser measures related to the virus in cities such as Beijing, Shanghai, and Shenzhen**
- **In the US, attention is in the election for the remaining Senate seat from Georgia, remembering that it had to go to a run-off. The result will determine if Democrats end with a 51-49 lead, or if its only 50-50 with the tiebreaker from Vice President Harris**
- **On the monetary policy front, Australia hiked its reference rate by 25bps to 3.10%. Later we expect the decision in Chile, where the market anticipates the rate unchanged at 11.25%**
- **In Mexico, GFI fell 0.9% m/m (+3.3% y/y) in September, while consumption remained to the upside at +0.4% m/m (6.1% y/y). Tonight we await for November's trade balance in China**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Gross fixed investment - Sep	% y/y	5.3	--	6.5
7:00	Gross fixed investment* - Sep	% m/m	0.1	--	1.9
7:00	Private consumption - Sep	% y/y	--	--	8.0
7:00	Private consumption* - Sep	% m/m	--	--	0.7
10:00	International reserves - Dic 2	US\$bn	--	--	198.0
12:30	Government weekly auction: 1-, 3-, 6-, and 24- month CETES; 30-year Mbono (Jul'53); 30-year Udibono (Nov'50) and 1-, and 3-year Bondes F				
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
8:30	Trade balance* - Oct	US\$bn	--	-80.0	-73.3
<i>Chile</i>					
16:00	Monetary policy decision (BCCh)	%	--	11.25	11.25
<i>China</i>					
22:00	Trade balance - Nov	USDbn	--	79.1	85.2
22:00	Exports - Nov	% y/y	--	-4.4	-0.3
22:00	Imports - Nov	% y/y	--	-7.1	-0.7

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	3,998.00	-0.1%
Euro Stoxx 50	3,950.08	-0.2%
Nikkei 225	27,885.87	0.2%
Shanghai Composite	3,212.53	0.0%
<i>Currencies</i>		
USD/MXN	19.66	-0.5%
EUR/USD	1.05	0.3%
DX	105.05	-0.2%
<i>Commodities</i>		
WTI	75.86	-1.4%
Brent	81.54	-1.4%
Gold	1,778.49	0.6%
Copper	380.05	0.3%
<i>Sovereign bonds</i>		
10-year Treasury	3.55	-2pb

Source: Bloomberg

Equities

- **Mixed movements in equity markets following recent data showing strength in the US economy in some areas, which casts doubt on the expectation of a possible slowdown in the pace of interest rate hikes by the Fed**
- **In Asia most markets closed negative, despite Beijing easing some COVID-19 test requirements for the city. In Europe stocks fall, although the Eurostoxx shows little change. Shares from energy and communication services sectors lead losses, while those from real estate and consumer staples are the biggest gainers. In turn, in the US the futures of main indices point to a positive open by rising 0.2% on average**
- **In Mexico, Asur's November passenger growth moderated, while Gap's increase could be the largest in the domestic sector**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. European assets record a 5bps rally, on average, while Treasuries register gains of 3bps. Yesterday, the Mbonos' curve printed a 13bps sell-off, on average, with the 10-year benchmark closing at 9.09% (+18bps)**
- **Dollar weakens against most of the G10 currencies, with SEK (+0.6%) as the strongest. In EM, the bias is mixed with CLP (+1.0%) leading gains. Meanwhile, MXN trades as at 19.66 (+0.5%) per dollar, after a 1.8% depreciation yesterday**
- **Crude-oil falls, with the market assessing the long-term impact of the latest round of restrictions placed on Russia by the European Union and the G-7. In metals, the balance is mixed with copper and gold gaining 0.1% and 0.6%, respectively, while aluminum and nickel fall more than 1.5%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,947.10	-1.4%
S&P 500	3,998.84	-1.8%
Nasdaq	11,239.94	-1.9%
IPC	50,799.46	-0.8%
Ibovespa	109,401.41	-2.3%
Euro Stoxx 50	3,956.53	-0.5%
FTSE 100	7,567.54	0.1%
CAC 40	6,696.96	-0.7%
DAX	14,447.61	-0.6%
Nikkei 225	27,820.40	0.2%
Hang Seng	19,518.29	4.5%
Shanghai Composite	3,211.81	1.8%
<i>Sovereign bonds</i>		
2-year Treasuries	4.39	12pb
10-year Treasuries	3.57	9pb
28-day Cetes	10.13	-2pb
28-day TIIE	10.32	1pb
2-year Mbono	10.23	5pb
10-year Mbono	9.12	19pb
<i>Currencies</i>		
USD/MXN	19.75	1.8%
EUR/USD	1.05	-0.4%
GBP/USD	1.22	-0.7%
DXY	105.29	0.7%
<i>Commodities</i>		
WTI	76.93	-3.8%
Brent	82.68	-3.4%
Mexican mix	67.16	-3.9%
Gold	1,768.68	-1.6%
Copper	379.50	-1.4%

Source: Bloomberg

Corporate Debt

- **Today we expect the auction of two sustainability-linked bonds from Orbia Advance Corporation, ORBIA 22L / 22-2L, for up to MXN 10.0 billion, with 3 and 10-year terms and 'AAA' local scale ratings by Fitch Ratings and HR Ratings**
- **Fitch Ratings downgraded Axtel's international ratings to 'BB-' from 'BB' and its local scale ratings to 'A-(mex)' from 'A(mex)' and revised the outlook to Negative from Stable reflecting the company's continuous weakness in the government services business and the difficulties in the infrastructure business**
- **HR Ratings placed the ratings for CAME ('HR BBB-') and Te Creemos ('HR BB-') Under Review after the merger announcement, where CAME acquired all of 'Te Creemos' assets and payment obligations**

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 and Daniel Sebastián Sosa Aguilar 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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