

Financial Markets Daily

December 7, 2022

Main drivers for the financial markets today...

- **Negative stock markets, government bond yields up and USD down, as investors are cautious due to steeper declines in China's imports and exports. This, exacerbated fears of a global recession and diluted the optimism generated by the relaxation of the zero COVID policy**
- **Raphael Warnock of the Democratic party won the runoff in Georgia. With this result, Biden's party obtained a majority in the Senate with 51 seats, reducing reliance on Vice President Kamala Harris' vote**
- **Regarding economic figures, in the Eurozone 3Q22 GDP was released with an increase of 0.3% q/q, above consensus estimate of +0.2%. With this, the annual variation stood at 2.3% up from the previous 2.1%**
- **On the monetary policy front, the central bank of Brazil will announce its decision. We estimate the Selic rate will remain unchanged, and we will be very attentive to the tone of the statement regarding Lula's proposal to increase spending. Meanwhile, the central bank of Canada will also announce its decision**
- **In Mexico, the Chamber of Deputies rejected the proposal that would reform various provisions of the Constitution on electoral matters, after the general vote did not reach a qualified majority**

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Winners of the award for best economic
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>					
2:00	GER Industrial Production* - Oct	% m/m	--	-0.6	0.6
5:00	EZ Gross domestic product - 3Q22 (F)	% y/y	--	2.1	2.1
5:00	EZ Gross domestic product* - 3Q22 (F)	% q/q	--	0.2	0.2
<i>United States</i>					
15:00	Consumer credit* - Oct	USDbn	--	28.0	25.0
<i>Brazil</i>					
16:30	Monetary policy decision (Central bank of Brazil)	%	13.75	13.75	13.75
<i>Peru</i>					
18:00	Monetary policy decision (BCRP)	%	--	7.50	7.25
<i>Japan</i>					
18:50	Gross domestic product* - 3Q22 (F)	% q/q	--	-0.3	-0.3

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	3,916.50	-0.7%
Euro Stoxx 50	3,919.94	-0.5%
Nikkei 225	27,686.40	-0.7%
Shanghai Composite	3,199.62	-0.4%
<i>Currencies</i>		
USD/MXN	19.74	-0.2%
EUR/USD	1.05	0.4%
DXY	105.41	-0.2%
<i>Commodities</i>		
WTI	74.27	0.0%
Brent	79.42	0.1%
Gold	1,772.23	0.1%
Copper	377.75	-0.9%
<i>Sovereign bonds</i>		
10-year Treasury	3.55	2pb

Source: Bloomberg

Equities

- **Negative movements in equity markets, reflecting caution among investors following weaker-than-expected trade data from China, suggesting slower global dynamism and increasing fears of an economic downturn**
- **Futures in the US anticipate a negative opening with the S&P500 trading 0.7% below its theoretical value. In the same sense, Europe trades lower, with the Eurostoxx decreasing 0.5%, registering the largest declines in the energy and real estate sectors, while the advance in the health sector stands out, supported by a rise of more than 5.8% in Sanofi after a ruling in a lawsuit in favor of the company was declared. In turn, Asia closed with losses, highlighting the drop of the Hang Seng of 3.2% and the Nikkei's of 0.7%, as investors adjusted their outlook after lower-than-expected economic figures**
- **In Mexico, the Mexbol Index could be consolidating around 50,700pts, following its international peers**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European assets trade with pressures of up to 3bps while the Treasuries yield curve loses 1bp, mainly on the belly. Yesterday the Mbonos' curve steepened with 3bps losses on the short-end and +20bps adjustments on long-term tenors. The 10-year benchmark closed at 9.10% (+16bps)**
- **The dollar trades with a negative bias (DXY -0.1%) while G-10 and emerging currencies post mixed movements. In the former group, JPY (-0.5%) is the weakest while in the latter, PHP (+0.9%) and BRL (-0.7%) are at the ends of the spectrum. The Mexican peso trades with an appreciation of 0.2% at 19.73 per dollar**
- **Crude oil futures fluctuate with few changes as the drop in API inventories is assimilated and awaiting more information from the EIA. In metals, the bias is negative due to fears of a global recession. In industrials, aluminum stands out printing a 1.1% decline**

Corporate Debt

- **S&P Global Ratings affirmed its long-term 'B' global scale issuer credit rating on Operadora de Servicios Mega and the 'mxBB+' national scale ratings. The outlook remained Negative. The rating action followed GFMega's tender offer to repurchase up to US\$ 100 million of its outstanding US\$ 365 million senior unsecured bond due 2025**
- **HR Ratings affirmed Navistar Financial's long-term rating at 'HR AAA' with Stable outlook, and its short-term rating at 'HR+1'. The rating affirmation was based on Traton SE's ratings, which is the owner of all Navistar International Corporation's shares, and has a global scale rating equivalent to 'HR BBB (G)'**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,596.34	-1.0%
S&P 500	3,941.26	-1.4%
Nasdaq	11,014.89	-2.0%
IPC	51,020.64	0.4%
Ibovespa	110,188.57	0.7%
Euro Stoxx 50	3,939.19	-0.4%
FTSE 100	7,521.39	-0.6%
CAC 40	6,687.79	-0.1%
DAX	14,343.19	-0.7%
Nikkei 225	27,885.87	0.2%
Hang Seng	19,441.18	-0.4%
Shanghai Composite	3,212.53	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.37	-2pb
10-year Treasuries	3.53	-4pb
28-day Cetes	10.00	-13pb
28-day TIE	10.32	1pb
2-year Mbono	10.19	-4pb
10-year Mbono	9.12	0pb
<i>Currencies</i>		
USD/MXN	19.77	0.1%
EUR/USD	1.05	-0.2%
GBP/USD	1.21	-0.5%
DXY	105.58	0.3%
<i>Commodities</i>		
WTI	74.25	-3.5%
Brent	79.35	-4.0%
Mexican mix	64.15	-4.5%
Gold	1,771.04	0.1%
Copper	381.80	0.6%

Source: Bloomberg

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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