

Financial Markets Daily

December 8, 2022

Main drivers for the financial markets today...

- **Stock markets with negative bias excluding S&P Futures, dollar mixed and government bond yields up on fears Fed will remain aggressive despite a possible recession due to high inflation, awaiting Friday's producer prices report**
- **With little on the economic agenda, the market will be watching comments from Christine Lagarde, President of the European Central Bank, US jobless claims and November's consumer prices in China**
- **In the US, the House of Representatives is likely to pass the annual defense legislation today authorizing \$10 billion in weapons sales to Taiwan and restricting government use of Chinese semiconductors. The bill does ease back some language that would have been more unpalatable to China. Even though, Beijing criticized the legislation, saying they should stop using Taiwan to contain their country**
- **In Mexico, INEGI published November's inflation at +0.58% m/m, helped by non-core (+0.94%) –despite adverse seasonality– and with the core (+0.45%), reflecting discounts. As such, annual inflation moderated to 7.80% (previous: 8.41%), with the core at 8.51% (previous: 8.42%)**

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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>Mexico</i>					
7:00	Consumer prices - Nov	% m/m	0.69	0.68	0.57
7:00	Core - Nov	% m/m	0.53	0.52	0.63
7:00	Consumer prices - Nov	% y/y	7.92	7.94	8.41
7:00	Core - Nov	% y/y	8.60	8.56	8.42
<i>Brazil</i>					
7:00	Retail sales - Oct	% y/y	--	2.5	3.2
7:00	Retail sales* - Oct	% m/m	--	0.3	1.1
<i>United States</i>					
8:30	Initial jobless claims* - Dec 3	thousands	230	230	225
<i>China</i>					
20:30	Consumer prices - Nov	% y/y	--	1.6	2.1

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	3,949.00	0.3%
Euro Stoxx 50	3,916.82	-0.1%
Nikkei 225	27,574.43	-0.4%
Shanghai Composite	3,197.35	-0.1%
<i>Currencies</i>		
USD/MXN	19.67	0.0%
EUR/USD	1.05	0.1%
DX	105.11	0.0%
<i>Commodities</i>		
WTI	73.75	2.4%
Brent	78.05	1.1%
Gold	1,785.07	-0.1%
Copper	387.20	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.45	4pb

Source: Bloomberg

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Equities

- **Stock markets with negative bias, as investors weight the probability of a recession in the US. Futures anticipate a flat opening, with the S&P500 and the Nasdaq trading 0.2% above their theoretical value, after registering a five-day rout due to ongoing concerns that the Federal Reserve will continue to be aggressive after solid economic data. Meanwhile, Europe trades with widespread losses in the stock markets, with the Eurostoxx index adjusting down 0.1%, real estate and telecommunications companies exacerbating the declines. Finally, Asia closed mixed, with a 3.4% increase in the Hang Seng given further measures to relax the COVID-zero policy**
- **In Mexico, the Mexbol Index could hover around 51,000pts. Meanwhile, on the national corporate front, Oma announced the completion of the sale of Fintech's 29.9% stake to a subsidiary of Vinci Airports SAS**

Sovereign fixed income, currencies and commodities

- **Negative bias in sovereign bonds. European assets lose 2bps, on average. Treasuries register pressures of 2bps, on the short-end, while the longer duration node trade with few changes. Yesterday, the Mbonos' curve gained 11bps, on average, and the new 10-year benchmark May'33 was issued at 9.02%**
- **The dollar advances, while developed currencies register mixed returns with NOK (+0.2%) and GBP (-0.3%) at the extremes. In EM, the bias is also mixed with RUB (+1.2%) as the strongest. Meanwhile, MXN trade with few changes at 19.67 per dollar, after a 0.5% appreciation yesterday**
- **Crude-oil futures advance more than 1.0% as investors weighed signs of loosening of China's zero-COVID policy. In addition, metals register a positive bias with copper gaining 0.5%. Grains trade mostly with positive returns**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,597.92	0.0%
S&P 500	3,933.92	-0.2%
Nasdaq	10,958.55	-0.5%
IPC	50,725.96	-0.6%
Ibovespa	109,068.55	-1.0%
Euro Stoxx 50	3,920.90	-0.5%
FTSE 100	7,489.19	-0.4%
CAC 40	6,660.59	-0.4%
DAX	14,261.19	-0.6%
Nikkei 225	27,686.40	-0.7%
Hang Seng	18,814.82	-3.2%
Shanghai Composite	3,199.62	-0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	4.26	-11pb
10-year Treasuries	3.42	-11pb
28-day Cetes	10.02	2pb
28-day TIE	10.33	0pb
2-year Mbono	10.08	-11pb
10-year Mbono	8.97	-16pb
<i>Currencies</i>		
USD/MXN	19.68	-0.5%
EUR/USD	1.05	0.4%
GBP/USD	1.22	0.6%
DXY	105.10	-0.5%
<i>Commodities</i>		
WTI	72.01	-3.0%
Brent	77.17	-2.7%
Mexican mix	61.86	-3.6%
Gold	1,786.27	0.9%
Copper	386.05	1.1%

Source: Bloomberg

Corporate Debt

- **PCR Verum increased Compañía Minera Autlán's ratings to 'A/M' from 'A-/M' and its short-term rating to '1/M' from '2/M' following the solidification of its financial profile, and the resilience of its operations despite a prevailing complex macroeconomic environment**
- **HR Ratings affirmed the ratings for issuance ZKCCB 17 at 'HR AA+ (E)' and changed the outlook to Stable from Negative based mainly on the early amortizations made in line with the development on the portfolio's designed property sales, that derived on a decrease on the total debt**
- **Fitch Ratings affirmed the rating for GMéxico Transportes and Ferromex at 'AAA(mex)' with a Stable outlook. The ratings consider the companies' dominant position in the Mexican railroad industry**

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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 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>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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