

# Financial Markets Daily

December 9, 2022

## Main drivers for the financial markets today...

- **Stock markets positive, government bond yields skewed to the upside, and USD with small changes, as caution remains among investors ahead of key inflation figures on the producer side, looking for clues on whether the Fed will be able to become less aggressive in its hiking cycle**
- **In the Eurozone, banks are returning EUR447.5 billion in loans to the ECB, given the decision of this institute to tighten the terms of the program that help fight inflation. These resources, which belonged to the TLTROs, represent around 25% of the total amount outstanding from this facility**
- **Treasury Secretary Janet Yellen said she still anticipates that the US economy will avoid a recession. In addition, she said that she expects further engagement with China ahead, and that she is open to a trip to the country, although there are no concrete plans. Despite the latter, it is expected that today US announces new economic sanctions on Russia (regarding obtaining weapons from countries like Iran) and China (focused on the fishing industry)**
- **The end of the COVID-zero policy in China threatens to bring new disruptions to supply and production chains. There are estimates that suggest up to 5.6 million daily contagions in that nation, which would translate into high levels of labor absenteeism**
- **Regarding economic data, attention in the US will focus on PPI for November, being one of the last relevant figures prior to the next Fed decision. Consensus estimates a moderation in the headline to 7.2% y/y, this after a strong fall in October. We also highlight the U. of Michigan Confidence for December, anticipating a setback. Inflation in November in Brazil was lower-than-expected at 5.90% y/y**

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  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Brazil</i>					
7:00	Consumer prices - Nov	% m/m	--	0.52	0.59
7:00	Consumer prices - Nov	% y/y	--	6.02	6.47
<i>United States</i>					
8:30	Producer prices* - Nov	% m/m	--	0.2	0.2
8:30	Ex. food & energy* - Nov	% m/m	--	0.2	0.0
10:00	U. of Michigan Confidence* - Dec (P)	index	56.0	56.9	56.8
<i>Mexico</i>					
	Wage negotiations - Nov	% y/y	--	--	4.4

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	3,978.25	0.3%
Euro Stoxx 50	3,938.83	0.4%
Nikkei 225	27,901.01	1.2%
Shanghai Composite	3,206.95	0.3%
<i>Currencies</i>		
USD/MXN	19.72	0.5%
EUR/USD	1.06	0.0%
DXY	104.67	-0.1%
<i>Commodities</i>		
WTI	71.85	0.5%
Brent	76.29	0.2%
Gold	1,798.90	0.5%
Copper	387.95	0.0%
<i>Sovereign bonds</i>		
10-year Treasury	3.49	0pb

Source: Bloomberg

## Equities

- **Widespread gains in the stock markets, aimed at reducing the losses accumulated throughout the week, while investors look for signals that may support a less hawkish stance from central banks that may support growth**
- **In that sense, US futures anticipate a positive opening, with the S&P500 trading 0.3% above its theoretical value, and attention on inflation figures on the producer side to be published**
- **Europe is trading with moderate gains, with the Eurostoxx up close to 0.5%. Meanwhile, stock markets in Asia closed in positive territory, spinning six consecutive weeks of gains with the expectation of relaxation in COVID restrictive measures, and highlighting the rise of the Hang Seng of 2.3%. In Mexico we consider that the Mexbol Index may consolidate close to 51,500pts**

## Sovereign fixed income, currencies and commodities

- **Sovereign bonds with a negative bias. European assets trade with losses of up to 9bps while the Treasuries yield curve trades with a slight steepening, the result of 2bps gains on the short-end and 3bps pressures on the long-end. Yesterday, the Mbonos' curve closed with a steepening and pressures of up to 12bps on long-term tenors**
- **The dollar trades with few changes and negative bias on the DXY (-0.1%) while developed and emerging currencies register mixed changes. In the former group, JPY (+0.6%) leads the gains and in the latter, the trade is capped by KRW (+1.2%) and ZAR (-0.7%). Mexican peso loses 0.6% to trade at 19.74 per dollar**
- **Crude oil futures are up 0.3% on average on expectations of increased mobility in China. Metals trade with mixed variations, nickel rises 1.9% on lower inventories in China**

## Corporate Debt

- **CIBanco (Trustee) informed Fimubac's (issuer) intention to call the issuance FIMUBCB 21 on December 19, 2022. The bonds have an outstanding amount of MXN 1.5 billion and the amortization is subject to the condition that the new bonds FIMUBCB 22 are issued**
- **S&P Global Ratings downgraded Grupo Radio Centro's issuer ratings to 'SD' and its debt ratings to 'D' from 'mxCC' after the payment default on its issuances**
- **HR Ratings affirmed Volkswagen Leasing's ratings at 'HR AAA' with a Stable outlook and its short-term ratings at 'HR+1' based on the implicit support granted by its holding company, Volkswagen Financial Services AG**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,781.48	0.5%
S&P 500	3,963.51	0.8%
Nasdaq	11,082.00	1.1%
IPC	51,078.70	0.7%
Ibovespa	107,249.04	-1.7%
Euro Stoxx 50	3,921.27	0.0%
FTSE 100	7,472.17	-0.2%
CAC 40	6,647.31	-0.2%
DAX	14,264.56	0.0%
Nikkei 225	27,574.43	-0.4%
Hang Seng	19,450.23	3.4%
Shanghai Composite	3,197.35	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	4.31	5pb
10-year Treasuries	3.48	6pb
28-day Cetes	10.10	8pb
28-day TIIE	10.33	1pb
2-year Mbono	9.98	-10pb
10-year Mbono	8.95	-2pb
<i>Currencies</i>		
USD/MXN	19.63	-0.2%
EUR/USD	1.06	0.5%
GBP/USD	1.22	0.3%
DXY	104.77	-0.3%
<i>Commodities</i>		
WTI	71.46	-0.8%
Brent	76.15	-1.3%
Mexican mix	60.86	-1.6%
Gold	1,789.14	0.2%
Copper	388.35	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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<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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GRUPO FINANCIERO BANORTE S.A.B. de C.V.

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 Celina 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 x 2707
Market Strategy			
Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
Fixed income and FX Strategy			
Leslie Thalía 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
Víctor 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
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.cebaldos@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	alejandro.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
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roldan.ferrer@banorte.com	(55) 1670 - 1899