

Financial Markets Daily

December 13, 2022

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields mixed, oil higher, and USD slightly lower, with investors awaiting a low print in US inflation ahead of the Fed's decision. China continues loosening COVID-19 restrictions**
- **Local markets closed yesterday because of the Banking Sector Worker holiday. In Germany, the ZEW expectations survey (Dec) showed a slight improvement to -23.3pts. Today attention centered on US inflation in November, with consensus estimating a 0.3% m/m increase (Banorte: 0.2%)**
- **Market attention this week on the last monetary policy decisions of the year of the Fed, ECB, BoE, and Banxico, expecting all of them to hike by 50bps. Moreover, announcements in Taiwan, Switzerland, Norway, Russia, Colombia, and Philippines. Relatedly, we will also get to know CPI for November in the UK and Eurozone, as well as December's PMI indicators in both cases and the US**
- **In politics, Friday is the deadline for a new funding deal to avert a new US government shutdown. Apart from the data mentioned above, other figures in the US include industrial production, retail sales (Nov) and regional manufacturing indicators Empire and Philly Fed (Dec). In other regions, we highlight industrial production, retail sales, and investment (Nov) in China; and industrial production and trade balance (Oct) in the Eurozone. In Mexico, October's industrial production stood at 0.4% m/m. In coming days, we will only know the expectations survey from Banxico. On December 15th, Congress' ordinary period ends**

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.macal@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
Refinitiv



 www.banorte.com
 @analisis_fundam

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
2:00	GER Consumer prices - Nov (F)	% y/y	--	11.3	11.3
2:00	UK Unemployment rate* - Oct	%	--	3.7	3.6
5:00	GER ZEW Survey (Expectations) - Dec	index	--	-26.7	-36.7
<i>Brazil</i>					
6:00	COPOM minutes				
<i>United States</i>					
8:30	Consumer prices* - Nov	% m/m	0.2	0.3	0.4
8:30	Ex. food & energy* - Nov	% m/m	0.3	0.3	0.3
8:30	Consumer prices - Nov	% y/y	7.4	7.3	7.7
8:30	Ex. food & energy - Nov	% y/y	6.1	6.1	6.3
<i>Mexico</i>					
12:30	Government weekly auction: 1-, 3-, 6-, 12- month CETES; 10-year Mbono (May'33); 3-year Udibono (Dec'26) and 2-, and 5-year Bondes F				

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,049.75	0.6%
Euro Stoxx 50	3,963.36	1.1%
Nikkei 225	27,954.85	0.4%
Shanghai Composite	3,176.33	-0.1%
<i>Currencies</i>		
USD/MXN	19.84	-0.1%
EUR/USD	1.05	0.1%
DXY	104.84	-0.3%
<i>Commodities</i>		
WTI	73.50	0.5%
Brent	78.58	0.8%
Gold	1,789.42	0.4%
Copper	384.40	1.2%
<i>Sovereign bonds</i>		
10-year Treasury	3.58	-4pb

Source: Bloomberg

Equities

- **Positive movements in equity markets as investors await US inflation data, expecting to see signs that inflationary pressures are easing, ahead of the Fed's last monetary policy meeting of the year, which begins today**
- **In Asia most markets closed positive, supported by a further reduction in China's COVID-19 restrictions. In Europe stocks advance, the Eurostoxx adds 1.1%. Shares from real estate, energy, and technology sectors lead gains. In turn, in the US the futures of main indices point to a positive open by rising 0.5% on average**
- **In corporate news, Tlevisa could be merging Izzi with Mega, where the former would hold 55% and the latter 45%. In Mexico, operations will resume following yesterday's holiday, and we expect a trading range for the IPC this week between 49,500pts - 52,000pts**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. European assets hover between modest gains and losses of 3bps, while Treasuries register gains of up to 4bps at the long-end. Last week, short- and mid-term Mbonos printed a 20bps rally, while the long-term securities adjusted +10bps**
- **Dollar weakens against all the G10 currencies, with NOK (+0.8%) as the strongest. In EM, the bias is mixed with HUF (+1.4%) and RUB (-0.7%) at the extremes. Meanwhile, MXN trades at 19.84 (+0.1%) per dollar, after a 0.5% depreciation yesterday**
- **Crude-oil extends yesterday's gains of 3.0%, after China's ambassador to the US said the nation will continue relaxing its pandemic curbs and will welcome more international travelers soon, lifting the demand prospects**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,005.04	1.6%
S&P 500	3,990.56	1.4%
Nasdaq	11,143.74	1.3%
IPC	50,466.25	0.0%
Ibovespa	105,343.33	-2.0%
Euro Stoxx 50	3,921.82	-0.5%
FTSE 100	7,445.97	-0.4%
CAC 40	6,650.55	-0.4%
DAX	14,306.63	-0.4%
Nikkei 225	27,842.33	-0.2%
Hang Seng	19,463.63	-2.2%
Shanghai Composite	3,179.04	-0.9%
<i>Sovereign bonds</i>		
2-year Treasuries	4.38	3pb
10-year Treasuries	3.61	3pb
28-day Cetes	10.11	0pb
28-day TIIE	10.35	0pb
2-year Mbono	9.97	0pb
10-year Mbono	8.96	0pb
<i>Currencies</i>		
USD/MXN	19.86	0.5%
EUR/USD	1.05	0.0%
GBP/USD	1.23	0.1%
DXY	105.13	0.3%
<i>Commodities</i>		
WTI	73.17	3.0%
Brent	77.99	2.5%
Mexican mix	61.97	2.6%
Gold	1,781.44	-0.9%
Copper	380.05	-2.0%

Source: Bloomberg

Corporate Debt

- **Grupo Aeroportuario del Pacífico (GAP) informed it used a line of credit with Citibanamex for MXN 1.5 billion with an 18-month term and will pay a floating rate of 28-day TIIE plus a 28bps spread**
- **S&P Global Ratings upgraded CEMEX's global and local scale ratings to 'BB+' and 'mxAA-' from 'BB' and 'mxA', respectively, because of a lower leverage and higher financial flexibility; the outlook is Stable**
- **HR Ratings upgraded Inmuebles Carso's ratings to 'HR AA+' from 'HR AA' with Stable outlook, mainly based on the Free Cash Flow generation of MXN 4.8 billion, which was 90% higher than the agency's estimate**

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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
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>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.

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.rolan.ferrer@banorte.com	(55) 1670 - 1899