

Financial Markets Daily

December 14, 2022

Main drivers for the financial markets today...

- **Negative stock markets, mixed government bond yields and USD down. Attention on the Fed's monetary policy decision. The pace of rate hikes is expected to moderate to +50bp, while attention will focus on the tone of Powell's conference, the statement and the *dot plot* looking for signals on the terminal rate**
- **Leaders of the US House of Representatives reached a bipartisan agreement on a government financing package that would also be approved in the Senate. To give time for the negotiations to be completed and avoid a *shutdown* after this Friday, a one-week *continuing resolution* is expected to be approved**
- **China asked major banks to buy corporate and government bonds to mitigate the wave of retail investor selling. The economic agenda in this country includes industrial production, retail sales, and gross fixed investment for November**
- **Regarding the measures related to COVID-19 in the Asian country, the authorities decided to stop publishing the numbers of new cases after having eliminated the measure that required tests to be carried out**
- **In other regions, in the United Kingdom, November inflation came in below expectations at 10.7% y/y. This data represents a breather after hitting a 41-year high in October and an 18-month streak of steady gains. Markets expects a moderation in the pace of rate hikes by the Bank of England to +50bp at tomorrow's meeting**

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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>					
10:00	International reserves - 9 Dec	US\$bn	--	--	198.9
<i>United States</i>					
14:00	FOMC Rate Decision (Upper Bound)	%	4.50	4.50	4.00
14:00	FOMC Rate Decision (Lower Bound)	%	4.25	4.25	3.75
14:00	Interest Rate on Excess Reserves (IOER)	%	--	--	3.90
13:30	Fed Chair Holds Press Conference Following FOMC Meeting				
<i>China</i>					
21:00	Industrial production - Nov	% y/y	--	3.7	5.0
21:00	Retail sales - Nov	% y/y	--	-3.9	-0.5
21:00	Gross fixed investment (YTD) - Nov	% y/y	--	5.6	5.8

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	4,056.75	0.0%
Euro Stoxx 50	3,975.18	-0.3%
Nikkei 225	28,156.21	0.7%
Shanghai Composite	3,176.53	0.0%
<i>Currencies</i>		
USD/MXN	19.58	0.3%
EUR/USD	1.06	0.1%
DX	103.86	-0.1%
<i>Commodities</i>		
WTI	75.96	0.8%
Brent	81.30	0.8%
Gold	1,806.97	-0.2%
Copper	386.35	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	3.50	0pb

Source: Bloomberg

Equities

- **Stock markets with negative bias, where investors remain cautious ahead of the Fed's monetary policy decision, as they evaluate the signs of the magnitude of monetary tightening for upcoming meetings after the recent inflation data**
- **Futures in the US remain without a clear trend and anticipate a little changed opening, reflecting caution. Charter Communications falls more than 4.0% on pre-market after reporting higher capital expenditures, affecting cash flow expectations. In the same sense, Europe trades mainly lower, with the Eurostoxx decreasing 0.3%, registering the largest adjustments in the industrial sector. In turn, Asia closed with gains, highlighting the increase of the Nikkei of 0.7% and the Hang Seng's of 0.4%, supported by relaxed-measures on the control of COVID-19**
- **In Mexico, the Mexbol Index could be consolidating around 50,100pts, following its international peers**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds with mixed performance. European assets trade with losses of up to +11bps while the Treasuries yield curve trades with gains of 4bps on the short-end and pressures of 2bps on long-term tenors. Yesterday, the Mbonos' curve posted gains of 11bps on average and the new 10-year benchmark closed at 8.94% (-9bps)**
- **The dollar trades with slight losses (DXY -0.1%) while developed currencies post mixed changes. In the first group, JPY (+0.5%) is the strongest and NZD (-0.3%) is the weakest. In EM, trading is capped by HUF (+1.0%) and RUB (-0.7%) while MXN depreciates 0.3% to trade at 19.58 per dollar**
- **Crude oil futures are up 1.1% on average due to the EIA's warning of a price increase in 2023 in a market that could be impacted by the sanctions against Russia and by higher demand. In metals, the negative bias prevails, with aluminum (-1.0%) leading the declines**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,108.64	0.3%
S&P 500	4,019.65	0.7%
Nasdaq	11,256.81	1.0%
IPC	50,333.10	-0.3%
Ibovespa	103,539.67	-1.7%
Euro Stoxx 50	3,986.83	1.7%
FTSE 100	7,502.89	0.8%
CAC 40	6,744.98	1.4%
DAX	14,497.89	1.3%
Nikkei 225	27,954.85	0.4%
Hang Seng	19,596.20	0.7%
Shanghai Composite	3,176.33	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	4.22	-16pb
10-year Treasuries	3.50	-11pb
28-day Cetes	9.80	-31pb
28-day TIIE	10.35	1pb
2-year Mbono	9.83	-14pb
10-year Mbono	8.82	-13pb
<i>Currencies</i>		
USD/MXN	19.53	-1.7%
EUR/USD	1.06	0.9%
GBP/USD	1.24	0.8%
DXY	103.98	-1.1%
<i>Commodities</i>		
WTI	75.39	3.0%
Brent	80.68	3.4%
Mexican mix	64.67	4.4%
Gold	1,810.80	1.6%
Copper	384.20	1.1%

Source: Bloomberg

Corporate Debt

- **Megacable Holdings informed that on November 14th, it received a confidential proposal from Grupo Televisa, which was not requested by Megacable, for the purpose of combining Televisa's pay TV, telephony and Internet access businesses with Megacable. On December 12th, the Proposal began to circulate among various journalists and the media, without Megacable's intervention**
- **Megacable's Board of Directors extensively analyzed the Proposal and on December 8th, unanimously resolved to reject it entirely given that the business plan currently approved by said Board offers better long-term prospects for Megacable and its investors, considering that Megacable is not for sale**

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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	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>

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