

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields mixed, and USD with small changes. Investors are optimistic given positive inflation results in the UK as well as expectations that the tightening cycle in the US is over**
- **Attention on the meeting between Presidents Joe Biden and Xi Jinping amid the APEC meeting in San Francisco. A joint press conference is expected at 7:15pm ET**
- **Yesterday, the House of Representatives passed a temporary funding bill, which greatly reduced the risk of a shutdown at the end of the week. The bill still needs approval by the Senate, although the expectation is that the Democrat majority moves through the legislation**
- **On data, China's economic activity figures for October surprised to the upside, noting a 7.6% y/y increase in retail sales and 4.6% in industrial production. October's inflation in the UK came in slightly below expectations, with the headline print moderating to 4.6% from 6.7% y/y. In the Eurozone, September's industrial production fell 1.1% m/m. In the US attention will be on October's retail sales and November's Empire Manufacturing indicator**
- **On the monetary front we note comments from Barr (Fed Board), Barkin (Richmond), and Jefferson (Fed Vice Chair)**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Industrial production* - Sep	% m/m	--	-0.9	0.6
5:00	Trade balance* - Sep	EURbn	--	--	11.9
5:00	European Commission economic growth forecasts				
United States					
8:30	Advance retail sales* - Oct	% m/m	-0.2	-0.3	0.7
8:30	Ex autos & gas* - Oct	% m/m	--	0.2	0.6
8:30	Control group* - Oct	% m/m	0.1	0.2	0.6
8:30	Producer prices* - Oct	% m/m	--	0.1	0.5
8:30	Ex. food & energy* - Oct	% m/m	--	0.3	0.3
8:30	Empire manufacturing* - Nov	index	-3.5	-3.0	-4.6

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

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Alejandro Padilla Santana
Chief Economist and Head of Research
alejandropadilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research
and Market Strategy
juan.alderete.macal@banorte.com



Alejandro Cervantes Llamas
Executive Director of Quantitative
Analysis
alejandrocervantes@banorte.com



Manuel Jiménez Zaldivar
Director of Market Strategy
manuel.jimenez@banorte.com



www.banorte.com/analisiseconomico
[@analisis_fundam](https://twitter.com/analisis_fundam)



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,532.50	0.5%
Euro Stoxx 50	4,319.99	0.7%
Nikkei 225	33,519.70	2.5%
Shanghai Composite	3,072.84	0.5%
Currencies		
USD/MXN	17.35	0.0%
EUR/USD	1.09	-0.2%
DXY	104.22	0.2%
Commodities		
WTI	78.01	-0.3%
Brent	82.12	-0.4%
Gold	1,971.55	0.4%
Copper	370.70	0.6%
Sovereign bonds		
10-year Treasury	4.47	3pb

Source: Bloomberg

Equities

- Positive equity markets, extending the optimism of the previous session, where investors are weighing a possible less restrictive monetary scenario. In corporate news, only 5 S&P500 companies are expected to report results today. Target's shares surge 14.0% on pre-market trading after reporting figures that exceeded expectations in both sales and earnings
- US futures anticipate a positive opening, with the S&P500 trading 0.5% above its theoretical value. Europe trades with gains and the Eurostoxx is up 0.7%. In Asia, stock markets closed higher, with the Hang Seng rising 3.9% on the back of positive economic data and new stimulus measures in China
- Yesterday, changes to the rebalancing of global MSCI indices were announced, which could add volatility to today's trading

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds. European 10-year rates trade with adjustments of -3bps to +2bps. Meanwhile, the Treasuries yield curve shows losses of up to 2bps. Yesterday, the Mbonos curve closed with gains of 18bps on average and the largest adjustments in the mid-end. The 10-year benchmark closed at 9.48% (-20bps)
- The USD trades little changed while G10 and emerging market currencies post mixed movements. In the former group, NZD (+0.6%) and GBP (-0.2%) are at the ends. In EM, trading is capped by KRW (+2.2%) and CZK (-0.3%). Mexican peso trades at 17.35 per dollar little changed vs. yesterday's close
- Crude-oil futures are down 0.3% on a rise in API inventories as investors continue to weigh economic data and growth prospects. Metals bias is positive

Corporate Debt

- S&P Global Ratings affirmed the rating for issuance CPEXACB 16U (Perote-Xalapa Highway's Future Flows) at 'mxA' and revised the outlook to Positive from Stable. The positive outlook reflects that the rating could be upgraded in the next 12 months if traffic levels, along with traffic volume expectations, remain strong
- HR Ratings affirmed the rating for issuance ZKCCB 17 (Fondo ZKC's ABS) at 'HR AA+ (E)' with Stable outlook. The rating action was based on the generation of Net Operating Income in the last twelve months, as well as the stability in the generation of leasing income, following the sale of properties in the portfolio

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,827.70	1.4%
S&P 500	4,495.70	1.9%
Nasdaq	14,094.38	2.4%
IPC	52,511.38	2.8%
Ibovespa	123,165.76	2.3%
Euro Stoxx 50	4,291.72	1.4%
FTSE 100	7,440.47	0.2%
CAC 40	7,185.68	1.4%
DAX	15,614.43	1.8%
Nikkei 225	32,695.93	0.3%
Hang Seng	17,396.86	-0.2%
Shanghai Composite	3,056.07	0.3%
Sovereign bonds		
2-year Treasuries	4.84	-20pb
10-year Treasuries	4.45	-19pb
28-day Cetes	10.87	-19pb
28-day TIEE	11.51	0pb
2-year Mbono	10.34	-16pb
10-year Mbono	9.51	-19pb
Currencies		
USD/MXN	17.34	-1.5%
EUR/USD	1.09	1.7%
GBP/USD	1.25	1.8%
DXY	104.05	-1.5%
Commodities		
WTI	78.26	0.0%
Brent	82.47	-0.1%
Mexican mix	74.11	1.7%
Gold	1,964.29	0.9%
Copper	368.35	0.5%

Source: Bloomberg

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Directory

Research and Strategy



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and
Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Manuel Jiménez Zaldívar
Director of Market Strategy
manuel.jimenez@banorte.com
(55) 5268 - 1671



José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas Executive
Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000



Alejandro Padilla Santana
Chief Economist and Head of
Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com (55) 1670 -
2250



Isaías Rodríguez Sobrino
Analyst, Fixed Income, FX and Commodities
isaias.rodriguez.sobrino@banorte.com
(55) 1670 - 2144



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research,
Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global Internacional
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000