

Financial Markets Daily

January 11, 2022

Main drivers for the financial markets today...

- **Mixed stock markets, with S&P Futures up, government bond yields mixed and USD down, with investors expecting a tighter Federal Reserve's monetary policy in a backdrop of inflationary pressures and new restrictions in Asia due to a rebound in COVID-19 cases**
- **Markets' attention is focused on comments from Fed members and the confirmation of Powell as president of the institution before the US Senate Banking Committee**
- **Regarding economic figures, in Brazil inflation for December was published, standing at 0.70% m/m, with which the annual variation was 10.06%. Although below the 10.74% of the previous month, above the central bank's 2021 target of 3.75% +/- 1.5pp. Later, in China, inflation of the last month of last year will also be released**
- **In Mexico, INEGI published industrial production for November, down 0.1% m/m (+1.6% y/y), reflecting weakness. We noted an increases in mining (0.4%), with manufacturing unchanged (0.0%) and construction lower (-0.6%)**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Industrial production - Nov	% y/y	2.4	--	0.7
7:00	Industrial production* - Nov	% m/m	0.4	--	0.6
7:00	Manufacturing output - Nov	% y/y	2.8	--	0.0
10:00	International reserves - Jan 7	US\$bn	--	--	202.4
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 20-year Mbono (Nov'42); 3-year Udibono (Nov'23) and 1-, 2-, and 3-year Bondes				
<i>Brazil</i>					
7:00	Consumer prices - Dec	% m/m	--	0.69	0.95
7:00	Consumer prices - Dec	% y/y	--	10.02	10.74
<i>United States</i>					
9:12	Fed's Mester speaks on Bloomberg Television				
9:30	Fed's George Discusses the Economic and Policy Outlook				
10:00	Jerome Powell's confirmation hearing for Fed Chair before the Senate Banking Committee				
16:00	Fed's Bullard Discusses Economy and Monetary Policy				
<i>China</i>					
20:30	Consumer Prices - Dec	% y/y	--	1.7	2.3

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	4,674.75	0.3%
Euro Stoxx 50	4,287.26	1.1%
Nikkei 225	28,222.48	-0.9%
Shanghai Composite	3,567.44	-0.7%
<i>Currencies</i>		
USD/MXN	20.39	0.1%
EUR/USD	1.13	0.1%
DX	95.92	-0.1%
<i>Commodities</i>		
WTI	79.51	1.6%
Brent	82.08	1.5%
Gold	1,808.33	0.4%
Copper	439.30	0.9%
<i>Sovereign bonds</i>		
10-year Treasury	1.76	0pb

Source: Bloomberg

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Equities

- **Mixed movements in equity markets, with Europe and the US positive, after the falls in the previous session and amid bargain buying, especially in the technology sector, as investors are attentive to clues from the Fed about the timing of interest rate hikes in the face of tomorrow's inflation data, although it is already anticipated that the first move would be next March. Meanwhile, new restrictions in several Asian countries due to the increase in COVID-19 infections stood out**
- **In Asia most markets closed negative. In Europe stocks advance, the Euro Stoxx adds 1.1%. Shares from consumer discretionary, communications services, and energy sectors lead gains. In turn, in the US the futures of main indices point to a positive open by rising 0.4% on average**
- **In Mexico, the Mexbol may stand around the 53,000 pts**

Sovereign fixed income, currencies and commodities

- **Mixed movements in rates from sovereign bonds with European securities adjusting +/-2bps, while the US Treasuries' curve trades between +/-2bps with a flattening bias. The Mbonos yield curve began the week with a 7bps sell-off, on average**
- **USD with negative bias amid a modest positive performance in G10 currencies. In EM, FX balance is mostly positive with THB (+0.6%) leading gains, while MXN trades at 20.39 per dollar (-0.1%) after a 0.2% depreciation yesterday**
- **Crude oil prices adjust -1.6% with investors focused on EIA monthly report at 12:00pm and API report at 4:30pm. Widespread gains in metals, copper registers gains of 0.7%, while gold trades at 1,807 \$/oz t (+0.3%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	36,068.87	-0.4%
S&P 500	4,670.29	-0.1%
Nasdaq	14,942.83	0.0%
IPC	52,835.76	-0.7%
Ibovespa	101,945.20	-0.8%
Euro Stoxx 50	4,239.52	-1.5%
FTSE 100	7,445.25	-0.5%
CAC 40	7,115.77	-1.4%
DAX	15,768.27	-1.1%
Nikkei 225	28,478.56	0.0%
Hang Seng	23,746.54	1.1%
Shanghai Composite	3,593.52	0.4%
<i>Sovereign bonds</i>		
2-year Treasuries	0.89	3pb
10-year Treasuries	1.76	0pb
28-day Cetes	5.56	1pb
28-day TIIE	5.72	0pb
2-year Mbono	7.51	2pb
10-year Mbono	7.86	6pb
<i>Currencies</i>		
USD/MXN	20.37	-0.1%
EUR/USD	1.13	-0.3%
GBP/USD	1.36	-0.1%
DXY	95.99	0.3%
<i>Commodities</i>		
WTI	78.23	-0.8%
Brent	80.87	-1.1%
Mexican mix	73.32	-0.9%
Gold	1,801.68	0.3%
Copper	435.20	-1.3%

Source: Bloomberg

Corporate Debt

- **Vinte informed that made a strategic investment in Hey Homie, a technologic platform focused in home rentals**
- **Fibra Prologis acquired three properties through a US\$71.5 million total investment and comprising 873,225 square feet of industrial space and Last Touch installations in Mexico City, Reynosa and Tijuana**
- **HR Ratings affirmed Grupo DASI's ratings at 'HR BBB-' with a Negative Outlook and at 'HR3' for the short-term, based on the prepayments of a bank loan and of its unsecured issuance ITTO 17**
- **HR Ratings affirmed the rating for issuance LEAFUCB 21 (Lease For You's ABS) at 'HR AAA (E)' with a Stable Outlook. The ratification is based on the Maximum Default of 26.5% the structure can support under a stress scenario**

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, José Itzamna Espitia Hernández, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalia Orozco Vélez, and Gerardo Daniel Valle Trujillo, 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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