

# Financial Markets Daily

January 17, 2022

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

- **Stock markets and government bond yields higher, while the USD is mostly lower against G10 but mixed to EM. Investors are waiting for corporate reports and react to the PBoC's decision to cut its one-year rate to banks by 10bps to 2.85%, given risks for the economy and additional weakness by the end of 2021**
- **Specifically, GDP in 4Q21 grew 1.6% q/q (+4.0% y/y), above consensus, albeit lowest since early 2020 and with a relevant deceleration of consumption in December. It is also worth mentioning that US markets will be closed today because of Martin Luther King Jr. Day**
- **This week, markets focused on the US earnings season, with results from 39 companies of the S&P500. In Mexico, only 2 corporations of the S&P/BMV IPC will publish their results**
- **Watching also the meeting between Eurozone finance ministers in Brussels to discuss the global minimum corporate tax. Moreover, European Union legislators will elect the new president of the European Parliament**
- **Monetary policy decisions in Japan, Norway, Indonesia, Malaysia, Turkey and Hungary, as well as prime loan rates in China. We will know the ECB minutes and the Fed's silence period begins**
- **In economic data, the US will release housing starts, building permits, existing home sales (Dec), the regional manufacturing indicators Empire manufacturing and Philly Fed (Jan), as well as weekly jobless claims**
- **In Mexico, sales by ANTAD members, the *Timely Indicator of Economic Activity* and employment reports (Dec)**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
	Markets closed for Martin Luther King Jr. Day				
<i>Brazil</i>					
7:00	Economic activity - Nov	% y/y	--	0.3	-1.5
7:00	Economic activity* - Nov	% m/m	--	0.4	-0.4
<i>Japan</i>					
	Monetary policy decision (BoJ)	%	--	-0.10	-0.10
<i>Mexico</i>					
	ANTAD same-store sales - Dec	% y/y	--	--	9.3

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	4,664.25	0.2%
Euro Stoxx 50	4,300.47	0.7%
Nikkei 225	28,333.52	0.7%
Shanghai Composite	3,541.67	0.6%
<i>Currencies</i>		
USD/MXN	20.28	-0.1%
EUR/USD	1.14	0.0%
DX	95.19	0.0%
<i>Commodities</i>		
WTI	83.78	0.0%
Brent	85.77	-0.3%
Gold	1,820.58	0.1%
Copper	439.15	-0.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.78	0pb

Source: Bloomberg

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## Equities

- **Positive movements in most stock markets, with investors assimilating rate cuts implemented by the PBoC, seeking to boost their economy after 4Q21 GDP figures began to slowdown, though they came in better than expected**
- **US will remain closed for Martin Luther King Jr. Holiday, which might affect trading volumes in the other markets. The rest of the week, attention will remain on the earnings season, expecting 39 companies from the S&P500 to release figures**
- **Asia closed mixed, with China's Shanghai Index showing a 0.6% advance, reacting to the accommodative measures implemented, while Hong Kong's Hang Seng declined 0.7%. Europe trades with widespread gains, with some news of mergers and acquisitions (Unilever/Glaxo). In Mexico, the Mexbol Index may continue consolidating near 53,500pts**

## Sovereign fixed income, currencies and commodities

- **US markets will be closed today, reducing liquidity during the session. On the other hand, European securities print a 2bps sell-off. In Mexico, the Mbonos' yield curve closed last week with a 10bps rally, on average, with the 10-year benchmark ending at 7.68% (-9bps w/w)**
- **USD trades with few changes amid a mixed performance in G10, with NOK as the strongest (+0.4%). In EM, the bias is mixed with movements bounded by BRL (+0.4%) and RUB (-0.6%). The USD/MXN trades near its 200-day MA at 20.28 per dollar (+0.1%), after a weekly appreciation of the peso of 0.5%**
- **Crude-oil begins the week adjusting -0.2% pairing 4 positive weeks in a row amid a positive outlook for demand. Widespread losses in metals, where nickel and copper decline 1.6% and 0.7%, respectively, while gold trades at 1,821 \$/oz t**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,911.81	-0.6%
S&P 500	4,662.85	0.1%
Nasdaq	14,893.75	0.6%
IPC	53,744.93	-0.3%
Ibovespa	106,927.80	1.3%
Euro Stoxx 50	4,272.19	-1.0%
FTSE 100	7,542.95	-0.3%
CAC 40	7,143.00	-0.8%
DAX	15,883.24	-0.9%
Nikkei 225	28,124.28	-1.3%
Hang Seng	24,383.32	-0.2%
Shanghai Composite	3,521.26	-1.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.97	7pb
10-year Treasuries	1.78	8pb
28-day Cetes	5.54	1pb
28-day TIE	5.72	0pb
2-year Mbono	7.36	0pb
10-year Mbono	7.69	1pb
<i>Currencies</i>		
USD/MXN	20.31	-0.2%
EUR/USD	1.14	-0.4%
GBP/USD	1.37	-0.2%
DXY	95.17	0.4%
<i>Commodities</i>		
WTI	83.82	2.1%
Brent	86.06	1.9%
Mexican mix	78.36	2.1%
Gold	1,817.94	-0.3%
Copper	442.05	-2.8%

Source: Bloomberg

## Corporate Debt

- **The corporate debt market remains without auction activity in 2022 following the historic market performance observed in the first months of the year**
- **We expect the first placements in the last week of the month in the banking market by the Foreign Trade Bank of Latin America and in the beginning of February on the corporate long-term market with auctions from GM Financial de México and Fimubac**
- **Spreads in the "Unsecured 'AAA' floating rate bonds" sample have shown the best performance in the year, accumulating a 6pbs fall in 2022 and 20bps in the last twelve months**

## 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 Thalía 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
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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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