

# Financial Markets Daily

January 18, 2022

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

- **Negative stock markets, with the S&P Futures down, while government bond yields and USD are up, after a 3-day break in the US with investors expecting that central banks will have to raise rates earlier than expected in the backdrop of inflationary pressures and crude-oil prices reaching 7-year highs. The attention is focused on OPEC's monthly report, as well as corporate earnings results in the US**
- **Regarding economic figures, in the US, the New York regional manufacturing report, *Empire Manufacturing* for January, will be released. We estimate it at 28pts (consensus 25pts) from 31.9pts at the end of 2021. The indicator will remain at expansion terrain, despite being limited to the upside by persistent disruptions in the supply chain and the rebound in the number of infections**
- **Meanwhile, in the Eurozone, the ZEW indicator of business confidence in Germany was published, posting an increase to 49.4pts, from 26.8pts the previous month. This is its highest level since July 2021, on hopes for a strong recovery once the current wave of infections passes**
- **In Mexico, INEGI published its *Timely Indicator of Economic Activity* for December, unchanged at 0.0% m/m (-0.2% y/y sa). By sectors, they expect industry at -0.2% m/m, still weak, and with services at +0.1%, benefiting from higher mobility. ANTAD sales figures will be released later**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany and UK</i>					
2:00	Unemployment rate* - Nov	%	--	4.2	4.2
5:00	ZEW Survey (Expectations) - Jan	index	--	32.0	29.9
<i>United States</i>					
8:30	Empire manufacturing* - Jan	index	28.0	25.0	31.9
<i>Mexico</i>					
7:00	Timely Indicator of Economic Activity* - Dec		--	--	1.2
10:00	International reserves - Jan 14	US\$bn	--	--	202.0
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'27); 10-year Udibono (Nov'31) and 1-, 2-, 3-, and 5-year Bondes F				

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	4,610.75	-0.9%
Euro Stoxx 50	4,267.15	-0.8%
Nikkei 225	28,257.25	-0.3%
Shanghai Composite	3,569.91	0.8%
<i>Currencies</i>		
USD/MXN	20.34	0.2%
EUR/USD	1.14	-0.3%
DX	95.50	0.3%
<i>Commodities</i>		
WTI	85.43	1.9%
Brent	87.65	1.4%
Gold	1,818.16	-0.1%
Copper	441.05	-0.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.82	3pb

Source: Bloomberg

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## Equities

- **Negative movements in equity markets due to concerns that central banks may be raising rates sooner than expected, which was reflected in a surge in bond yields, affecting risk assets. On the corporate front, out of the 6 S&P 500 companies scheduled to report today, 5 have already updated investors with most outperforming estimates, although figures from Bank of New York Mellon and Goldman Sachs were below estimates**
- **In Asia most markets closed negative. In Europe stocks drop, the Euro Stoxx decreases 0.9%. Shares from technology and industrials sectors superhead losses, while those from energy and communication services show gains. In turn, in the US operations will resume after yesterday's holiday and the futures of main indices point to a negative open by falling 1.1% on average**
- **In Mexico, the Mexbol may stand around the 53,400 pts**

## Sovereign fixed income, currencies and commodities

- **Pressures in rates from sovereign bonds with European securities adjusting +2bps, while the US Treasuries' curve registered losses of up to 5bps in the 2-year benchmark reaching highs since 2020 at 1.02%. The Mbonos yield curve closed yesterday with a 2bps sell-off, on average**
- **USD positive against most of the G10 currencies except for CAD (+0.1%). In EM, FX balance is mostly negative with TRY (-0.8%) as the weakest, while MXN trades at 20.34 per dollar, equivalent to a depreciation of 0.2%, after a session with few changes yesterday**
- **Crude oil prices climb to 7-year highs supported by a robust demand outlook and lower concerns over the Omicron variant. Attention today to OPEC's monthly report. Mixed balance in metals, nickel print gains of 0.2%, while gold trades at 1,818 \$/oz t (-0.1%)**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,911.81	0.0%
S&P 500	4,662.85	0.0%
Nasdaq	14,893.75	0.0%
IPC	53,973.27	0.4%
Ibovespa	106,373.90	-0.5%
Euro Stoxx 50	4,302.14	0.7%
FTSE 100	7,611.23	0.9%
CAC 40	7,201.64	0.8%
DAX	15,933.72	0.3%
Nikkei 225	28,333.52	0.7%
Hang Seng	24,218.03	-0.7%
Shanghai Composite	3,541.67	0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	0.97	0pb
10-year Treasuries	1.78	0pb
28-day Cetes	5.60	6pb
28-day TIIE	5.72	0pb
2-year Mbono	7.37	1pb
10-year Mbono	7.71	1pb
<i>Currencies</i>		
USD/MXN	20.30	0.0%
EUR/USD	1.14	0.0%
GBP/USD	1.36	-0.2%
DX	95.26	0.1%
<i>Commodities</i>		
WTI	83.82	0.0%
Brent	86.48	0.5%
Mexican mix	78.36	0.0%
Gold	1,819.23	0.1%
Copper	442.05	0.0%

Source: Bloomberg

## Corporate Debt

- **Crédito Real informed on its long-term strategic plan, since in recent weeks it has received positive signals from COFECE regarding the sale of a portion of its SME portfolio in Mexico for up to MXN1.5 billion; that it has received six non-binding offers related to the sale of Crédito Real USA Finance LLC (100%) and expects the sale to be completed during 1Q22; and that it reached an agreement to sell a portion of its SME portfolio in the US linked to its subsidiary Camino Financial for US\$45 million**
- **OMA reported the contracting of short-term bank loans for MXN2.7 billion. The proceeds obtained will be used to capitalize the group's subsidiaries, as well as for working capital and strengthen the company's liquidity**

## 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
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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