

# Financial Markets Daily

January 19, 2022

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

- **Stock markets mixed, S&P500 futures higher, government bond yields positive and USD lower, with investors optimistic due to favorable corporate results, diluting concerns over the possibility of faster-than-expected monetary tightening. Nevertheless, oil prices remain on the upside, reflecting favorable demand expectations by OPEC**
- **On economic data, December's inflation in the UK accelerated to 4.8% y/y, highest in 30 years. In Germany, the same figure came in at 5.7%, in line with the preliminary print. In the US we will be looking into figures from building permits and housing starts for December**
- **Regarding monetary policy, attention will center on the PBoC's decision, in which it is likely that they adjust 1- and 5- prime loan rates lower given accommodative actions taken by the institution earlier this week**
- **On the virus, cases continue climbing globally, surpassing an accumulated total of 334 million cases, with 5.6 million deaths. Specifically, there have been new records in Germany, France, Hungary and Mexico, among others. Therefore, distancing measures have been reenacted in several countries, while China keeps implementing lockdowns at a regional level. Meanwhile, Pfizer mentioned that lab results show that their treatment against the virus is also effective against Omicron**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
2:00	UK Consumer prices - Dec	% y/y	--	4.7	4.6
2:00	Core - Dec	% y/y	--	3.9	4.0
2:00	GER Consumer prices - Dec (F)	% y/y	--	5.7	5.7
4:00	EZ Current account* - Nov	EURbn	--	--	18.1
<i>United States</i>					
8:30	Housing starts** - Dec	thousands	--	1,650	1,679
8:30	Building permits** - Dec	thousands	--	1,700	1,717
<i>China</i>					
20:30	Rate decision 1-year Loan Prime Rate	%	--	3.80	3.80
20:30	Rate decision 5-year Loan Prime Rate	%	--	4.65	4.65

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	4,580.00	0.2%
Euro Stoxx 50	4,283.81	0.6%
Nikkei 225	27,467.23	-2.8%
Shanghai Composite	3,558.18	-0.3%
<i>Currencies</i>		
USD/MXN	20.34	-0.3%
EUR/USD	1.13	0.1%
DX	95.61	-0.1%
<i>Commodities</i>		
WTI	86.04	0.7%
Brent	88.00	0.6%
Gold	1,818.62	0.3%
Copper	444.90	1.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.88	0pb

Source: Bloomberg

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## Equities

- **Mixed movements in stock markets, as optimism for the reporting season mitigates concerns about rising bond yields. US futures anticipate a positive opening, with the S&P500 trading 0.2% above its theoretical value, following yesterday's falls**
- **Asia closed with almost widespread declines, except for the Hang Seng which advanced marginally 0.06%, while the Nikkei declined 2.8% and the Shanghai index fell 0.33%. Europe, by contrast, operates with almost generalized gains, supported mainly by the rise in retail stocks, after the good results of Richemont and Burberry**
- **Today, 14 companies from the S&P500 will release its results, including P&G, Morgan Stanley, US Bancorp, UnitedHealth Group, Prologis, Kinder Morgan and United Airlines. At the moment, figures from Bank of America, showed earnings that top estimates, but with trading income below expectations**

## Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds, with European assets losing 2bps while the US Treasuries yield curve falls 1bp and the 10-year benchmark peaked at 1.90%. Yesterday, the Mbonos' curve closed with losses of 4bps on average and the Mbono May'31 closed at 7.76% (+5bps)**
- **The dollar trades lower with DXY adjusting -0.2% as G-10 currencies advance and NOK (+0.4%) is the strongest. In the EM group, performance is mixed with RUB (+1.2%) and TRY (-0.5%) at the ends. The MXN trades at 20.34 per dollar, appreciating 0.3%**
- **Crude oil prices increase 1.2% on favorable demand expectations from OPEC and the EIA. In metals, gold trades at 1,819 US\$/oz t (+0.3%) while industrials trade higher**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,368.47	-1.5%
S&P 500	4,577.11	-1.8%
Nasdaq	14,506.90	-2.6%
IPC	53,232.20	-1.4%
Ibovespa	106,667.70	0.3%
Euro Stoxx 50	4,257.82	-1.0%
FTSE 100	7,563.55	-0.6%
CAC 40	7,133.83	-0.9%
DAX	15,772.56	-1.0%
Nikkei 225	28,257.25	-0.3%
Hang Seng	24,112.78	-0.4%
Shanghai Composite	3,569.91	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	1.04	8pb
10-year Treasuries	1.87	9pb
28-day Cetes	5.57	-3pb
28-day TIE	5.72	0pb
2-year Mbono	7.38	2pb
10-year Mbono	7.76	6pb
<i>Currencies</i>		
USD/MXN	20.41	0.5%
EUR/USD	1.13	-0.7%
GBP/USD	1.36	-0.4%
DXY	95.73	0.5%
<i>Commodities</i>		
WTI	85.43	1.9%
Brent	87.51	1.2%
Mexican mix	80.18	2.3%
Gold	1,813.74	-0.3%
Copper	438.25	-0.9%

Source: Bloomberg

## Corporate Debt

- **Genera announced that it made an additional investment in ConCrédito, increasing its stake in the company from 51.49% to 57.53%. ConCrédito is comprised of Fin Útil, Comfu and Talento ConCrédito. This investment is in line with Genera's previously announced goal of reaching a 74.9% stake in ConCrédito by August 2022.**
- **Fitch Ratings affirmed CAF's (Corporación Andina de Fomento) international rating at 'A+' and revised it's outlook to Positive from Stable. According to the agency, the Positive outlook reflects Fitch's expectation regarding an improvement in CAF's solvency as a result of the recently approved very large capital increase and the favorable dynamics in the loan portfolio**

## 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, Leslie Thalía Orozco Vélez, Luis Leopoldo López Salinas, 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	When the share expected performance is greater than the MEXBOL estimated performance.
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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