

# Financial Markets Daily

January 24, 2022

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

- Stock markets and government bond yields lower, while the USD trades stronger, with higher risk aversion as concerns build about tensions in Ukraine as well as expectations of a hawkish tone by the Fed this week, while investors are waiting for the release of earnings results in several regions
- This week, markets squarely focused on the Fed decision. We do not see policy changes, although they will likely signal a rate hike in March. Given concerns about growth, we will also watch the WEO by the IMF, as well as the Global Competitiveness Report from the WEF
- Given increasing geopolitical tensions, the meeting of Eurozone foreign relations ministers in Brussels will be important. Moreover, Italian legislators will begin voting to choose the next president. Apart from the FOMC, monetary policy decisions in Hungary, Canada, Chile, South Africa and Colombia
- Heavy US data agenda, including 4Q21 GDP, PMIs, consumer confidence by the Conference Board and University of Michigan (Jan), trade balance, new home sales, durable goods orders, personal income and spending, PCE deflator (Dec) and housing prices (Nov)
- In other regions, the IFO survey (Jan) and 4Q21 GDP in Germany, unemployment rate (Nov) and inflation (Jan) in Brazil, consumer and economic confidence (Jan) in the Eurozone
- In Mexico, inflation in the 1<sup>st</sup> half of January stood at 0.39% 2w/2w, slightly above consensus. In coming days, releases include IGAE, retail sales (Nov), trade balance and public finance report (Dec)

**Alejandro Padilla**

Chief Economist and

Head of Research

[alejandro.padilla@banorte.com](mailto:alejandro.padilla@banorte.com)
**Juan Carlos Alderete Macal, CFA**

Executive Director of Economic Research

and Financial Markets Strategy

[juan.alderete.macal@banorte.com](mailto:juan.alderete.macal@banorte.com)
**Alejandro Cervantes Llamas**

Executive Director of Quantitative Analysis

[alejandro.cervantes@banorte.com](mailto:alejandro.cervantes@banorte.com)
**Manuel Jiménez Zaldivar**

Director of Market Strategy

[manuel.jimenez@banorte.com](mailto:manuel.jimenez@banorte.com)

Winners of the award for best economic forecasters for Mexico in 2021, granted by Refinitiv


**STARMINE AWARDS  
FOR REUTERS POLLS  
FROM REFINITIV**

[www.banorte.com](http://www.banorte.com)

[@analisis\\_fundam](https://twitter.com/analisis_fundam)

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
4:00	Manufacturing PMI (Markit)* - Jan (P)	index	--	57.5	58.0
4:00	Services PMI (Markit)* - Jan (P)	index	--	52.0	53.1
<b>Mexico</b>					
7:00	Consumer prices - Jan 15	% 2w/2w	0.48	0.37	0.01
7:00	Core - Jan 15	% 2w/2w	0.35	0.26	0.20
7:00	Consumer prices - Jan 15	% y/y	7.23	7.12	7.26
<b>United States</b>					
9:45	Manufacturing PMI (Markit)* - Jan (P)	index	56.2	56.7	57.7
9:45	Services PMI (Markit)* - Jan (P)	index	--	54.8	57.6
9:45	Composite PMI (Markit)* - Jan (P)	index	--	-	57.0

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

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

## A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	4,380.75	-0.2%
Euro Stoxx 50	4,139.94	-2.1%
Nikkei 225	27,588.37	0.2%
Shanghai Composite	3,524.11	0.0%
<b>Currencies</b>		
USD/MXN	20.56	0.4%
EUR/USD	1.13	-0.3%
DX	95.90	0.3%
<b>Commodities</b>		
WTI	85.03	-0.1%
Brent	87.84	-0.1%
Gold	1,838.14	0.2%
Copper	444.25	-1.8%
<b>Sovereign bonds</b>		
10-year Treasury	1.74	-2pb

Source: Bloomberg

Document for distribution among public

## Equities

- Equity markets kicked-off the week lower as investors react to heightened tensions between Russia and Ukraine, while they turn their attention to the Fed's policy decision next Wednesday, as well as a greater flow of corporate earnings in the following days, including some Big Tech companies (Apple, Microsoft, and Tesla). Out of the 5 S&P500 companies scheduled to report today, Halliburton has already released its results above expectations. IBM will publish after the market closes
- In Asia most markets closed negative. In Europe stocks drop, with the Euro Stoxx decreasing 2.1%. Shares from technology, industrials, and consumer discretionary sectors lead losses. In turn, in the US the futures of main indices point to a negative open by falling 0.4% on average
- In Mexico, the Mexbol may stand below the 51,400 pts

## Sovereign fixed income, currencies and commodities

- Gains in sovereign bonds as risk-off continues, with -2bps adjustments in European assets while US Treasuries print marginal pressures at the short-end and 1-2bp gains from the mid-end. Last week, the Mbonos' curve closed with gains of 4bps on average
- The dollar strengthens, with DXY advancing 0.3% amid widespread losses for developed currencies with SEK (-0.8%) as the weakest. In EM, negative bias dominates with RUB (-2.1%) leading losses. The Mexican peso depreciates 0.4% to 20.56 per dollar, extending last week's depreciation
- Crude oil prices with modest declines amid rising geopolitical tensions in Ukraine. In metals, gold trades at 1,838 \$/t oz (+0.2%) while industrials show a mixed performance

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	34,265.37	-1.3%
S&P 500	4,397.94	-1.9%
Nasdaq	13,768.92	-2.7%
IPC	51,599.38	-1.7%
Ibovespa	108,941.70	-0.1%
Euro Stoxx 50	4,229.56	-1.6%
FTSE 100	7,494.13	-1.2%
CAC 40	7,068.59	-1.7%
DAX	15,603.88	-1.9%
Nikkei 225	27,522.26	-0.9%
Hang Seng	24,965.55	0.1%
Shanghai Composite	3,522.57	-0.9%
<b>Sovereign bonds</b>		
2-year Treasuries	1.00	-2pb
10-year Treasuries	1.76	-5pb
28-day Cetes	5.65	-4pb
28-day TIE	5.73	0pb
2-year Mbono	7.27	-3pb
10-year Mbono	7.67	0pb
<b>Currencies</b>		
USD/MXN	20.47	-0.3%
EUR/USD	1.13	0.3%
GBP/USD	1.36	-0.3%
DXY	95.64	-0.1%
<b>Commodities</b>		
WTI	85.14	-2.0%
Brent	87.89	-0.6%
Mexican mix	80.52	-0.7%
Gold	1,835.38	-0.2%
Copper	452.40	-1.3%

Source: Bloomberg

## Corporate Debt

- In the banking bond market, we expect the auction of the first long-term issue this week through a reopening by the Banco Latinoamericano de Comercio Exterior (BLADEX 21) for a target amount of up to MXN1 billion. This issuance is pegged to a variable rate, matures in November 2024 and is rated 'AAA' by S&P and Fitch
- Credito Real informed that coupon payments of their Senior Notes due in 2023 and 2028 were effectively made to the Trustee. It is important to remember that, on December 7, S&P Global Ratings downgraded Credito Real's national scale ratings to 'mxBBB' from 'mxA-' and to 'B+' from 'BB-' on a global scale, placing all ratings in CreditWatch with negative implications

## 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.

## Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

## Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

## Last-twelve-month activities of the business areas.

*Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.*

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

## Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## Guide for investment recommendations.

	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.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

## Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V., since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

*The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.*

**GRUPO FINANCIERO BANORTE S.A.B. de C.V.**

**Research and Strategy**

<b>Alejandro Padilla Santana</b>	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
<b>Raquel Vázquez Godínez</b>	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
<b>Itzel Martínez Rojas</b>	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
<b>Lourdes Calvo Fernandez</b>	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

**Economic Research**

<b>Juan Carlos Alderete Macal, CFA</b>	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
<b>Francisco José Flores Serrano</b>	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
<b>Katia Celina Goya Ostos</b>	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
<b>Luis Leopoldo López Salinas</b>	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

**Market Strategy**

<b>Manuel Jiménez Zaldivar</b>	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
--------------------------------	-----------------------------	----------------------------	------------------

**Fixed income and FX Strategy**

<b>Leslie Thalía Orozco Vélez</b>	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
-----------------------------------	--	---------------------------------	------------------

**Equity Strategy**

<b>Marissa Garza Ostos</b>	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
<b>José Itzamna Espitia Hernández</b>	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
<b>Víctor Hugo Cortés Castro</b>	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800

**Corporate Debt**

<b>Hugo Armando Gómez Solís</b>	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
<b>Gerardo Daniel Valle Trujillo</b>	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

**Quantitative Analysis**

<b>Alejandro Cervantes Llamas</b>	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
<b>Miguel Alejandro Calvo Domínguez</b>	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220

**Wholesale Banking**

<b>Armando Rodal Espinosa</b>	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
<b>Alejandro Aguilar Ceballos</b>	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5004 - 1282
<b>Alejandro Eric Faesi Puente</b>	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
<b>Alejandro Frigolet Vázquez Vela</b>	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
<b>Arturo Monroy Ballesteros</b>	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
<b>Carlos Alberto Arciniega Navarro</b>	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
<b>Gerardo Zamora Nanez</b>	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
<b>Jorge de la Vega Grajales</b>	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
<b>Luis Pietrini Sheridan</b>	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
<b>Lizza Velarde Torres</b>	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
<b>Osvaldo Brondo Menchaca</b>	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
<b>Raúl Alejandro Arauzo Romero</b>	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
<b>René Gerardo Pimentel Ibarrola</b>	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
<b>Ricardo Velázquez Rodríguez</b>	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
<b>Víctor Antonio Roldan Ferrer</b>	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899