

# Financial Markets Daily

January 25, 2022

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

- **Mixed stock markets, with the S&P Futures down, while government bond yields and USD are up, with investors partially offsetting concerns about a hawkish tone in the Fed’s monetary policy decision tomorrow and tension between US and Russia, against positive earnings results in a backdrop of high volatility**
- **The attention today is on the IMF’s World Economic Outlook update**
- **Regarding economic figures, in the US, the Conference Board's consumer confidence will be released. We estimate it at 111pts from 115.8pts in December. We believe that the main reason behind the decline will be concerns about the pandemic and its impact on economic activity and inflation. On the positive side, the latest labor market report, showing the unemployment rate at 3.9% and the drop in gasoline prices will limit the confidence decline**
- **In Mexico, INEGI released the GDP-proxy IGAE for November, rising 0.3% m/m (+1.7% y/y). By sectors, industry fell 0.1% m/m, with services at +0.5% m/m, highlighting professional services (5.0%) and lodging (2.6%). Primary activities rose 7.2%**

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



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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
4:00	IFO Survey (business climate)* - Jan	index	--	94.5	94.7
<i>Mexico</i>					
7:00	Global economic activity indicator (IGAE) - Nov	% y/y	1.0	1.0	-0.7
7:00	Global economic activity indicator (IGAE)* - Nov	% m/m	0.1	0.3	-0.2
10:00	International reserves - Jan 21	US\$bn	--	--	202.1
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Nov'47); 20-year Udibono (Nov'35) and 1-, 2-, and 3-year Bondes F				
<i>United States</i>					
9:00	S&P/CoreLogic housing prices - Nov	% y/y	--	18.2	18.4
10:00	Consumer confidence* - Jan	index	111.0	111.8	115.8

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	4,332.00	-1.6%
Euro Stoxx 50	4,075.41	0.5%
Nikkei 225	27,131.34	-1.7%
Shanghai Composite	3,433.06	-2.6%
<i>Currencies</i>		
USD/MXN	20.67	0.5%
EUR/USD	1.13	-0.4%
DX	96.20	0.3%
<i>Commodities</i>		
WTI	83.53	0.3%
Brent	86.68	0.5%
Gold	1,840.73	-0.1%
Copper	441.40	0.0%
<i>Sovereign bonds</i>		
10-year Treasury	1.76	-1pb

Source: Bloomberg

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### Equities

- **Mixed movements and high volatility in equity markets due to fears around tightening monetary policy by the Fed and heightened tensions between the US and Russia over Ukraine, partially offset by positive earnings reports**
- **In Asia the markets closed negative. In turn, in Europe stocks advance, the Euro Stoxx adds 0.5%. In the US the futures of main indices point to a negative open by falling 1.4% on average**
- **On the corporate front, out of the 16 S&P 500 companies scheduled to report today, 8 have already updated investors with most outperforming estimates, including 3M, American Express, J&J, Lockheed Martin, and Verizon. Microsoft will publish its figures after the market closes. In Mexico, Gcc will release their quarterly results after the markets close and Gfinbur's report is also expected today**

### Sovereign fixed income, currencies and commodities

- **Modest negative balance in sovereign bonds, with +2bps adjustments in European assets while US Treasuries print pressures of up to +2bps in the 2-year benchmark. In Mexico, the Mbonos' curve closed yesterday with gains of 2bps, on average, with the 10-year benchmark closing at 7.65% (-1bp)**
- **The dollar strengthens, with DXY advancing 0.3%, amid widespread losses for developed currencies with CHF (-0.7%) as the weakest. In EM, negative bias dominates with PLN (-0.7%) leading losses. The Mexican peso depreciates 0.5% to 20.67 per dollar**
- **Crude oil prices register gains supported by a favorable demand outlook. Widespread losses in metals, with gold trading at 1,840 \$/t oz (-0.1%) and copper adjusts -0.3%**

Previous closing levels		
	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,364.50	0.3%
S&P 500	4,410.13	0.3%
Nasdaq	13,855.13	0.6%
IPC	50,890.59	-1.4%
Ibovespa	107,937.10	-0.9%
Euro Stoxx 50	4,054.36	-4.1%
FTSE 100	7,297.15	-2.6%
CAC 40	6,787.79	-4.0%
DAX	15,011.13	-3.8%
Nikkei 225	27,588.37	0.2%
Hang Seng	24,656.46	-1.2%
Shanghai Composite	3,524.11	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	0.97	-3pb
10-year Treasuries	1.77	1pb
28-day Cetes	5.67	2pb
28-day TIIE	5.73	0pb
2-year Mbono	7.27	0pb
10-year Mbono	7.66	-1pb
<i>Currencies</i>		
USD/MXN	20.57	0.5%
EUR/USD	1.13	-0.2%
GBP/USD	1.35	-0.5%
DXY	95.92	0.3%
<i>Commodities</i>		
WTI	83.31	-2.1%
Brent	86.27	-1.8%
Mexican mix	79.14	-1.7%
Gold	1,843.06	0.4%
Copper	441.25	-2.5%

Source: Bloomberg

### Corporate Debt

- **Coca-Cola FEMSA announced that its Brazilian subsidiary, Spal Indústria Brasileira de Bebidas, closed the transaction to acquire 100% of CVI Refrigerantes in a cash transaction. Through this acquisition, Coca-Cola FEMSA reached 52% of the Coca-Cola System in Brazil**
- **S&P Global Ratings downgraded Crédito Real's ratings to 'B-' from 'B+' on global scale and to 'mxB+' from 'mxBBB' on national scale. The ratings remain on CreditWatch with negative implications. According to the agency, Crédito Real's inability to strengthen its liquidity profile is stressing the financial profile facing the maturity of its CHF170 million bond due on February 9, 2022**

## 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 Luis García Casales, 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
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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