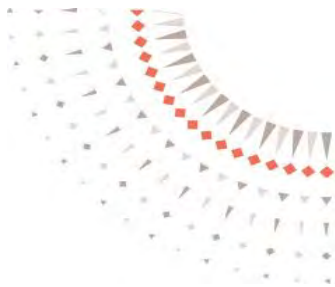


Financial Markets Daily



January 26, 2022

Main drivers for the financial markets today...

- **Stock markets positive, government yields up and the USD strengthening ahead of the FOMC’s decision and the accompanying press conference from Chairman Jerome Powell, in a context in which geopolitical tensions between the US and Russia keep increasing**
- **Specifically, although no moves are expected by the Fed today, consensus is that a rate hike will be signaled for March’s decision, in line with our expectation**
- **On other monetary policy decisions, its expected that the Bank of Canada will leave its reference rate unchanged at 0.25%. Meanwhile, it is expected that Chile’s Central Bank will continue with its hiking cycle, implementing a 125bps hike to 5.25%**
- **Regarding the situation in Ukraine, NATO has put its troops on standby, while the US warned that if a conflict starts, the Russian President, Vladimir Putin, would be subject to economic sanctions**
- **Economic data is sparse, with attention in the US on December’s trade balance and new house sales. In Brazil, inflation for 1H-January was already published, surprising to the upside at 10.20% y/y**
- **In Mexico, November’s retail sales rose 0.9% m/m (5.4% y/y), surprising higher. Inside, we highlight a mostly favorable performance, with eight out of the nine categories up**

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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>Mexico</i>					
7:00	Retail sales - Nov	% y/y	3.1	3.1	5.3
7:00	Retail sales* - Nov	% m/m	-0.2	0.6	0.3
<i>United States</i>					
8:30	Trade balance* - Dec	US\$bn	--	-96.0	-98.0
10:00	New home sales** - Dec	thousands	--	765	744
14:00	FOMC Rate Decision (Upper Bound)	%	0.25	0.25	0.25
14:00	FOMC Rate Decision (Lower Bound)	%	0.00	0.00	0.00
14:00	Interest Rate on Excess Reserves (IOER)	%	0.15	0.15	0.15
14:30	Fed Chair Powell Holds Press Conference Following FOMC Meeting				
<i>Chile</i>					
16:00	Monetary policy decision (BCCh)	%	--	5.25	4.00

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	4,404.75	1.3%
Euro Stoxx 50	4,175.61	2.4%
Nikkei 225	27,011.33	-0.4%
Shanghai Composite	3,455.67	0.7%
<i>Currencies</i>		
USD/MXN	20.58	-0.2%
EUR/USD	1.13	-0.2%
DX-Y	96.10	0.2%
<i>Commodities</i>		
WTI	86.26	0.8%
Brent	89.05	1.0%
Gold	1,845.31	-0.1%
Copper	450.90	1.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.79	2pb

Source: Bloomberg

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Equities

- **Positive movements in stock markets, with all eyes on Fed's decision and with cheap stock buying strategies after the recent declines. Futures in the US anticipate a positive opening, with the S&P500 trading 1.3% above its theoretical value, reacting to optimistic expectations from tech companies such as Microsoft and Texas Instruments.**
- **In Asia we saw mixed closes, with Japan's Nikkei falling 0.4%, while in China the Shanghai index rose 0.7%. Europe trades with widespread gains led by the mining and travel sectors**
- **Today we expect 35 S&P500 companies to release its numbers, including Abbot, AT&T, Boeing, Freeport McMoRan, General Dynamics, Intel, Tesla and Whirlpool. In Mexico, yesterday Gmxt reported positive figures in line with our expectations, while GCC showed pressures on margins higher than expected, but with a promising 2022 Guidance**

Sovereign fixed income, currencies and commodities

- **Pressure on sovereign rates while awaiting the FOMC decision, European assets trade with few changes while the US Treasuries yield curve is loses 2bps. Yesterday, the Mbonos' curve closed with gains of 1bp on average with the 10-year benchmark at 7.63% (-2bps)**
- **The dollar strengthens (DXY +0.2%) amid mixed performance among G10 currencies with CAD (+0.5%) and JPY (-0.3%) at the ends. In the EM group the dynamics are similar, RUB (-0.7%) is the weakest as tensions with the US continue while USD/MXN trades at 20.58 with an appreciation of 0.2%**
- **Crude oil prices advance 0.5% on fears of a disruption in energy supply due to geopolitical tensions in Europe. In metals, gold trades at 1,843 \$/t oz (-0.3%) while industrials print gains**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,297.73	-0.2%
S&P 500	4,356.45	-1.2%
Nasdaq	13,539.29	-2.3%
IPC	51,104.39	0.4%
Ibovespa	110,203.80	2.1%
Euro Stoxx 50	4,078.26	0.6%
FTSE 100	7,371.46	1.0%
CAC 40	6,837.96	0.7%
DAX	15,123.87	0.8%
Nikkei 225	27,131.34	-1.7%
Hang Seng	24,243.61	-1.7%
Shanghai Composite	3,433.06	-2.6%
<i>Sovereign bonds</i>		
2-year Treasuries	1.02	5pb
10-year Treasuries	1.77	0pb
28-day Cetes	5.50	-17pb
28-day TIIE	5.73	0pb
2-year Mbono	7.25	-2pb
10-year Mbono	7.64	-2pb
<i>Currencies</i>		
USD/MXN	20.62	0.2%
EUR/USD	1.13	-0.2%
GBP/USD	1.35	0.1%
DXY	95.95	0.0%
<i>Commodities</i>		
WTI	85.60	2.7%
Brent	88.20	2.2%
Mexican mix	81.02	2.4%
Gold	1,848.02	0.3%
Copper	445.00	0.8%

Source: Bloomberg

Corporate Debt

- **Coca-Cola FEMSA announced the construction of a new recycling plant together with ALPLA México, in the state of Tabasco. The plant will have a joint investment between Coca-Cola FEMSA and ALPLA of more than US\$60 million and will process up to 50,000 tons of post-consumption PET bottles per year**
- **Fitch Ratings affirmed the rating for issuance MXMACCB 05U (GMAC Financiera's MBS) at 'CCC(mex)vra'. According to the agency, no effects are expected in the transaction given the current state of the portfolio, where 69.7% of the current balance has a delay in payments of over 180 days**

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, Leslie Thalia 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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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.

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Guide for investment recommendations.

	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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