

Financial Markets Daily

January 27, 2022

Main drivers for the financial markets today...

- Negative stock markets, S&P Futures with small changes, USD up and government bond yields mixed, with investors digesting the FOMC's decision and Powell's comments with a more *hawkish* tone not ruling out interest rate hikes at each of the 2022 meetings
- President Biden hosted corporate executives at the White House to discuss the potential benefits for businesses under Build Back Better. In particular, the topics that were discussed with some of these companies are related to what has to do with climate change. Specifically, Ford is pushing a controversial proposal to increase tax incentives for electric cars
- Chile's Central Bank surprised by raising the reference rate by 150bp, the largest increase seen in 20 years
- Regarding economic figures, in the US GDP for 4Q21 will be published. We highlight the slowdown shown by the recently published indicators for December and estimate economic activity growth of 5.3% QoQ saar, after a moderate advance of 2.3% in 3Q21. With this, GDP would have grown 5.6% throughout 2021, more than recovering from the 3.4% contraction seen in 2020 due to the pandemic
- In Mexico, INEGI released December's trade balance, posting a US\$590.3 million surplus. Exports rose 0.1% m/m (10.8% y/y). Imports grew 4.9% m/m (27.7% y/y). As such, the accumulated deficit in the year reached US\$11.5 billion

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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
Mexico					
7:00	Trade balance - Dec	US\$mn	-524.8	--	-111.7
15:30	Public finances (PSBR, year-to-date) - Dec	MXNmn	--	--	-737.7
United States					
8:30	Durable goods orders* - Dec (P)	% m/m	--	-0.5	2.6
8:30	Ex transportation* - Dec (P)	% m/m	--	0.5	0.9
8:30	Gross domestic product** - 4Q21 (F)	% q/q	5.3	5.3	2.3
8:30	Personal consumption** - 4Q21 (F)	% q/q	4.3	2.9	2.0
8:30	Initial jobless claims* - 44583	thousands	270	260	286
South African					
	Monetary policy decision (South African Resen	%	--	4.00	3.75

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.
Equity indices		
S&P 500 Futures	4,345.75	0.1%
Euro Stoxx 50	4,151.98	-0.3%
Nikkei 225	26,170.30	-3.1%
Shanghai Composite	3,394.25	-1.8%
Currencies		
USD/MXN	20.72	-0.1%
EUR/USD	1.12	-0.7%
DXY	97.07	0.6%
Commodities		
WTI	88.06	0.8%
Brent	90.73	0.9%
Gold	1,807.61	-0.7%
Copper	446.80	-1.0%
Sovereign bonds		
10-year Treasury	1.84	-2pb

Source: Bloomberg

Equities

- Mixed movements in equity markets as investors assess Jerome Powell's more hawkish comments on the pace of interest rate hikes and closely monitor the evolution of geopolitical tensions and the earnings season
- In Asia the markets closed negative. In Europe stocks are mixed, but the Euro Stoxx falls 0.3%. Shares from financials and energy sectors lead gains, while those from technology and industrials superhead losses. In turn, in the US the futures of main indices are mixed and show little change
- On the corporate front, out of the 39 S&P 500 companies scheduled to report today, 23 have already updated investors with most outperforming estimates, including Danaher, Dow, and Comcast. Apple, Mastercard, and Visa will publish their figures after the market closes

Sovereign fixed income, currencies and commodities

- Mixed balance in global sovereign rates with European securities adjusting +2bps. Moreover, US Treasuries print 5bps gains at the long end of the yield curve after a strong sell-off following Powell's hawkish comments. In Mexico, the Mbonos' yield curve closed yesterday with pressures of 8bps, on average, excluding long-term securities (-2bps)
- USD strengthens (DXY +0.6%) against all G10 currencies with CHF, DKK and EUR underperforming (-0.7%). In EM, bias is mixed with RUB (+1.0%) and CNY (-0.7%) at the extremes. In addition, USD/MXN trades at 20.70 per dollar (+0.2%), after a 0.6% depreciation yesterday
- Crude-oil hits fresh 7-year high with Brent trading above 90 \$/bbl amid low physical inventories and a positive demand outlook. Mixed performance in metals, gold adjusts -0.4% after losses of 1.5% yesterday following Fed's decision

Corporate Debt

- HR Ratings affirmed the ratings for three of Infonavit's Mortgage Backed bonds, CEDEVIS 11U, and CDVITOT 12U / 12-2U, at 'HR AAA (E)' with a Stable outlook, based on the over collateral level in each issuance, as a result of the principal payment levels, which have been larger than the projected by the rating agency
- Unifin Financiera announced the signing of four new lines of credit for a total amount of US\$130 million (approximately MXN 2.7 billion), two of them being sustainable. Unifin will use the proceeds from this lines for the development of its operation, improve their liquidity levels and bolster its commitment with a sustainable operation

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,168.09	-0.4%
S&P 500	4,349.93	-0.1%
Nasdaq	13,542.12	0.0%
IPC	51,037.05	-0.1%
Ibovespa	111,289.20	1.0%
Euro Stoxx 50	4,164.60	2.1%
FTSE 100	7,469.78	1.3%
CAC 40	6,981.96	2.1%
DAX	15,459.39	2.2%
Nikkei 225	27,011.33	-0.4%
Hang Seng	24,289.90	0.2%
Shanghai Composite	3,455.67	0.7%
Sovereign bonds		
2-year Treasuries	1.15	13pb
10-year Treasuries	1.86	9pb
28-day Cetes	5.53	3pb
28-day TIE	5.73	0pb
2-year Mbono	7.35	10pb
10-year Mbono	7.66	2pb
Currencies		
USD/MXN	20.75	0.6%
EUR/USD	1.12	-0.5%
GBP/USD	1.35	-0.3%
DXY	96.48	0.6%
Commodities		
WTI	87.35	2.0%
Brent	89.96	2.0%
Mexican mix	82.11	1.3%
Gold	1,819.59	-1.5%
Copper	451.50	1.5%

Source: Bloomberg

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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