

Financial Markets Daily

February 2, 2022

Main drivers for the financial markets today...

- **Stock markets positive, mixed government yields and USD lower, with investors optimistic given corporate earnings which surpassed expectations in the tech sector, despite the negative surprise from inflation in the Eurozone**
- **On economic data, attention in the US will be on ADP's employment report for January, expecting +300k jobs. Meanwhile, January's inflation in the Eurozone accelerated to 5.1% y/y –strongly impacted by higher energy prices–, although with the core moderating to 2.3%. In Brazil, December's industrial production surprised higher at +2.9% m/m (-5.0% y/y)**
- **On monetary policy, we expect Brazil's Central Bank to increase its reference rate by 150bps to 10.75%. In addition, we will be looking into the hearing for Fed Board nominees, Raskin, Cook, and Jefferson before the Senate's Banking Committee**
- **It is expected that OPEC will approve another crude oil output increase of 400kbpd for March in today's meeting. Nevertheless, there are some doubts on compliance, as there have been delays in previous months**
- **On the virus, Pfizer will request authorization from the FDA in the US to administer its vaccine to children between six months and five years. The approval meeting will take place on February 15th**
- **In Mexico, the MoF informed over changes in its structure with the approval of Juan Pablo de Botton as Undersecretary for Spending and with Rodrigo Mariscal being names as the new Chief Economist**

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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>Eurozone</i> | | | | | |
| 5:00 | Consumer prices - Jan (P) | % y/y | -- | 4.4 | 5.0 |
| 5:00 | Core - Jan (P) | % y/y | -- | 1.8 | 2.6 |
| <i>Brazil</i> | | | | | |
| 7:00 | Industrial production - Dec | % y/y | -- | -6.2 | -4.4 |
| 7:00 | Industrial production* - Dec | % m/m | -- | 0.7 | -0.2 |
| 16:30 | Monetary policy decision (Central bank of Brazil) | % | 10.75 | 10.75 | 9.25 |
| <i>United States</i> | | | | | |
| 8:15 | ADP employment* - Jan | thousands | 300 | 220 | 807 |
| 10:00 | Fed Nominees Raskin, Cook, and Jefferson to appear before the Senate Banking Committee | | | | |

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 | 4,574.50 | 0.9% |
| Euro Stoxx 50 | 4,246.00 | 0.5% |
| Nikkei 225 | 27,533.60 | 1.7% |
| Shanghai Composite | 3,361.44 | 0.0% |
| <i>Currencies</i> | | |
| USD/MXN | 20.49 | -0.2% |
| EUR/USD | 1.13 | 0.5% |
| DX | 95.89 | -0.5% |
| <i>Commodities</i> | | |
| WTI | 88.40 | 0.2% |
| Brent | 89.26 | 0.1% |
| Gold | 1,804.34 | 0.2% |
| Copper | 448.85 | 1.2% |
| <i>Sovereign bonds</i> | | |
| 10-year Treasury | 1.78 | -1pb |

Source: Bloomberg

Equities

- **Widespread gains in main stock indices, reacting to corporate earnings that have exceeded expectations, particularly in the technology sector, such as the case of Alphabet, which has encouraged dip-buying after adjustments we observed in recent days**
- **Futures in the US positive, with the S&P500 trading 0.7% above its theoretical value and attention focused on ADP figures and earnings results agenda. In Asia, Hong Kong and China remain closed for the Lunar New Year Holiday, while Japan's Nikkei gained 1.7%. Europe, trades with 0.5% average gains, reacting to encouraging reports and expectations as in the case of Novo Nordisk and Vodafone**
- **Today, 35 companies from the S&P500 will release its figures, including Meta Platforms, Thermo Fisher, Qualcomm and Marathon. In Mexico, Gmexico reported yesterday, in line with our expectations, standing out its valuation, financial strength and attractive dividends**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds with mixed performance, with +/-1bp adjustments in European assets while the US Treasuries yield curve trades with a slight positive bias. Yesterday, the Mbonos' curve closed with a steepening, the short- and mid-end gained up to 3bps while long-term tenors were pressured up to 8bps**
- **USD weakens (DXY -0.5%) amid widespread gains in G-10 currencies where NOK (+0.7%) is the strongest. In the EM group, performance is mixed with RUB (+1.2%) and TRY (-0.7%) at the ends. USD/MXN trades at 20.50 appreciating 0.2% for its third consecutive session of gains**
- **Crude oil prices with few changes, awaiting the OPEC+ ministerial meeting. In industrial metals, the bias is positive, while gold trades with little change at 1,804 \$/t oz**

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| <i>Equity indices</i> | | |
| Dow Jones | 35,405.24 | 0.8% |
| S&P 500 | 4,546.54 | 0.7% |
| Nasdaq | 14,346.00 | 0.7% |
| IPC | 51,782.67 | 0.9% |
| Ibovespa | 113,228.30 | 1.0% |
| Euro Stoxx 50 | 4,224.45 | 1.2% |
| FTSE 100 | 7,535.78 | 1.0% |
| CAC 40 | 7,099.49 | 1.4% |
| DAX | 15,619.39 | 1.0% |
| Nikkei 225 | 27,078.48 | 0.3% |
| Hang Seng | 23,802.26 | 0.0% |
| Shanghai Composite | 3,361.44 | 0.0% |
| <i>Sovereign bonds</i> | | |
| 2-year Treasuries | 1.17 | -1pb |
| 10-year Treasuries | 1.79 | 1pb |
| 28-day Cetes | 5.84 | 3pb |
| 28-day TIIE | 5.74 | 0pb |
| 2-year Mbono | 7.47 | -1pb |
| 10-year Mbono | 7.69 | 1pb |
| <i>Currencies</i> | | |
| USD/MXN | 20.54 | -0.5% |
| EUR/USD | 1.13 | 0.3% |
| GBP/USD | 1.35 | 0.6% |
| DXY | 96.39 | -0.2% |
| <i>Commodities</i> | | |
| WTI | 88.20 | 0.1% |
| Brent | 89.16 | -2.2% |
| Mexican mix | 83.11 | 0.0% |
| Gold | 1,801.19 | 0.2% |
| Copper | 443.40 | 2.5% |

Source: Bloomberg

Corporate Debt

- **Televisa and Univision informed the closing of the transaction between their content and media assets, to create "TelevisaUnivision". It is important to remember that on June 24, 2021, Moody's downgraded Televisa's ratings to 'Baa2/Aa2.mx' from 'Baa1/Aa1.mx'**
- **HR Ratings placed the 'HR AAA (E)' ratings on CREALCB 17 and CRELCB 19 (Crédito Real ABS) issuances on Negative Watch. According to the agency, the Negative Watch follows a greater operational risk from Crédito Real, derived from pressures on its liquidity, which could affect its administration and collection capacity**
- **However, the agency mentions that both issuances (CREALCB 17 & CRELCB 19) maintain adequate behavior in terms of collection flows received and in their over-collateral (OC), which remains above the Required OC in both cases**

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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, Yazmín Selene Pérez Enríquez, José Itzamna Espitia Hernández, Carlos Hernández García, Paola Soto Leal, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Daniela Olea Suarez, 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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|-------------|----------------------------------------------------------------------------------------------|
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| 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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