

Financial Markets Daily

February 3, 2022

Main drivers for the financial markets today...

- **Negative stock markets, USD up and mixed government bond yields, with small changes amid weaker-than-expected corporate earnings results from tech giants, with investors expecting corporate performance to ease worries about interest-rate hike and inflation**
- **Attention on the appearances before the Senate Banking Committee of the three nominees to fill the vacancies within the Fed's Board, Sarah Bloom Raskin (who faces more opposition because of her positions on regulatory and climate change issues), Lisa Cook and Philip Jefferson**
- **On the monetary policy front, the ECB announced that it is keeping its reference rates unchanged and reaffirmed that the PEPP will expire in March and will be replaced, to a certain extent, by a temporary increase in purchases under the other program (APP). Meanwhile, the Bank of England increased the reference rate again, this time by 25bp, placing it at 0.5%. The decision was not unanimous, with some supporting a more aggressive 50bp hike**
- **As for economic figures, in the US jobless claims for the week ending January 29 will be released. We estimate them at 255k, down from 260k the previous week. While the final PMI indicators for January will also be published**

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Winners of the award for best economic
forecasters for Mexico in 2021, granted by
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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Retail sales* - Dec	% m/m	--	-0.8	1.0
7:00	Monetary policy decision (BoE)	%	0.50	0.50	0.25
7:45	Monetary policy decision (ECB)	%	0.00	0.00	0.00
<i>Mexico</i>					
7:45	Consumer confidence* - Jan	index	44.1	--	44.5
<i>United States</i>					
8:30	Initial Jobless Claims* - Jan 29	thousands	255	250	260
10:00	ISM services* - Jan	index	61.0	59.5	62.3
10:00	Factory Orders* - Dec	% m/m	--	0.1	1.6
10:00	Ex transportation* - Dec	% m/m	--	--	0.8
10:00	Durable goods orders* - Dec (F)	% m/m	--	--	-0.9
10:00	Ex transportation* - Dec (F)	% m/m	--	--	0.4

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	4,539.00	-0.8%
Euro Stoxx 50	4,198.51	-0.6%
Nikkei 225	27,241.31	-1.1%
Shanghai Composite	3,361.44	0.0%
<i>Currencies</i>		
USD/MXN	20.60	0.1%
EUR/USD	1.13	-0.2%
DX	96.20	0.3%
<i>Commodities</i>		
WTI	87.20	-1.2%
Brent	88.55	-1.0%
Gold	1,801.59	-0.3%
Copper	444.10	-1.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.79	2pb

Source: Bloomberg

Equities

- **Negative movements in equity markets due to disappointing corporate earnings from large technology companies, mainly Meta Platforms, which also published weaker-than-expected revenue guidance, having an impact on sector shares, while the ECB left its monetary policy decision unchanged despite inflationary pressures**
- **In Asia the markets closed mixed, without operations in China and Hong Kong due to a holiday. In Europe stocks drop, the Euro Stoxx decreases 0.6%. In turn, in the US the futures of main indices point to a negative open by falling 1.0% on average**
- **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 Biogen, ConocoPhillips, Eli Lilly & Co., and Merck & Co. Amazon will publish its figures after the market closes**

Sovereign fixed income, currencies and commodities

- **Negative balance in global sovereign rates with European securities adjusting up to +6bps. Moreover, US Treasuries print 2bps losses, on average. In Mexico, the Mbonos' yield curve closed yesterday with gains of 4bps in mid- and long-term securities**
- **USD positive (BBDXY +0.2%) amid a mixed performance in G10. In this group, NZD (+0.1%) and CHF (-0.4%) stand at the extremes. In EM, bias is also mixed with TRY (-0.7%) as the weakest. In addition, USD/MXN trades at 20.63 per dollar (-0.3%), after a 0.3% depreciation yesterday**
- **Crude-oil declines 1.4% with investors' doubting about the capacity of some members to meet their quotas in full agreed yesterday in the last OPEC+ Ministerial Meeting (+400 Kbb/d). Widespread losses in metals with gold trading at 1,800 \$/oz t, equivalent to a 0.3% loss**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,629.33	0.6%
S&P 500	4,589.38	0.9%
Nasdaq	14,417.55	0.5%
IPC	52,034.80	0.5%
Ibovespa	111,894.40	-1.2%
Euro Stoxx 50	4,222.05	-0.1%
FTSE 100	7,583.00	0.6%
CAC 40	7,115.27	0.2%
DAX	15,613.77	0.0%
Nikkei 225	27,533.60	1.7%
Hang Seng	23,802.26	0.0%
Shanghai Composite	3,361.44	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	1.15	-1pb
10-year Treasuries	1.78	-1pb
28-day Cetes	5.84	0pb
28-day TIIE	5.74	0pb
2-year Mbono	7.45	-2pb
10-year Mbono	7.62	-7pb
<i>Currencies</i>		
USD/MXN	20.57	0.2%
EUR/USD	1.13	0.3%
GBP/USD	1.36	0.4%
DXY	95.94	-0.5%
<i>Commodities</i>		
WTI	88.26	0.1%
Brent	89.47	0.3%
Mexican mix	83.11	0.0%
Gold	1,806.80	0.3%
Copper	449.60	1.4%

Source: Bloomberg

Corporate Debt

- **Fibra Inn informed that it contracted a long-term loan for up to MXN90 million to finance the VAT refund derived from the acquisition of the Westin Monterrey Valle hotel. The term of this financing is for 5 years and the agreed interest rate is TIIE-91 plus an applicable margin between 325-365bp, payable quarterly**
- **Fitch Ratings affirmed FRISACB 17 (Grupo Frisa's ABS) rating at 'AAA(mex)vra' and changed the outlook to Stable from Negative. According to the agency, the Stable outlook reflects that the performance of the bond has recovered according to Fitch's expectations and that the transaction has been resilient to the macroeconomic stresses derived from the pandemic. The FRISACB 17 issuance is backed by the collection rights corresponding to 20 malls, located in various cities of the country**

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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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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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