

Financial Markets Daily

February 4, 2022

Main drivers for the financial markets today...

- **Stock markets and government bond yields mixed while the dollar falls, with investors digesting Lagarde's hawkish tone yesterday. Focus on the US employment report, with the market searching for signals about the health of the economy and the next steps by the Fed**
- **Meanwhile, concerns about inflation remain high. Crude-oil prices reached new highs in seven years close to 92 US\$/bbl, impacted by low supply and inventories as well as difficult weather conditions, among other factors**
- **Germany's factory orders grew 2.8% m/m in December, a stronger-than-expected rebound and extending the 3.6% advance of the previous month. Despite weaker economic activity in 4Q21, signals are more favorable as some indicators suggest a lessening of supply restrictions**
- **Chile's president Sebastian Pinera nominated Rosanna Costa as the first female central bank governor. Similar to other countries, they are facing a challenging backdrop in terms of price dynamics**
- **INEGI released Mexico's investment for November with a 0.1% m/m drop on weakness in construction (-0.7%). On the other hand, private consumption picked up 0.7% m/m, driven by imported goods (1.2%)**
- **Mexico's Treasury Secretary, Rogelio Ramírez de la O, said that the fourth package of infrastructure projects with the private sector is "ready" and will be announced by the president in a few weeks. According to him, it will include more than 40 projects in sectors such as highways, energy, telecommunications and ports**

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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>Mexico</i>					
7:00	Gross fixed investment - Nov	% y/y	7.8	--	6.5
7:00	Gross fixed investment* - Nov	% m/m	1.0	--	0.0
7:00	Private consumption - Nov	% y/y	--	--	5.7
7:00	Private consumption* - Nov	% m/m	--	--	0.2
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
8:30	Nonfarm payrolls* - Jan	thousands	175	175	199
8:30	Unemployment rate* - Jan	%	3.8	3.9	3.9

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	4,458.00	-0.2%
Euro Stoxx 50	4,088.33	-1.3%
Nikkei 225	27,439.99	0.7%
Shanghai Composite	3,361.44	0.0%
<i>Currencies</i>		
USD/MXN	20.60	0.3%
EUR/USD	1.15	0.3%
DX	95.25	-0.1%
<i>Commodities</i>		
WTI	91.90	1.8%
Brent	92.63	1.7%
Gold	1,810.60	0.3%
Copper	447.75	0.1%
<i>Sovereign bonds</i>		
10-year Treasury	1.82	-1pb

Source: Bloomberg

Equities

- **We conclude the week with mixed moves in stock markets, and investors focused on US nonfarm payrolls report and corporate earnings. Today 7 companies from S&P500 are expected to release its figures, while ~54% have already reported, achieving a 29.9% growth in earnings vs. 19.5%e. The positive surprises rate stands at 76.4%**
- **US futures are mixed, with the S&P500 trading 0.2% below its theoretical value, but the Nasdaq 0.4% above, with the technology sector rebounding after yesterday's sharp declines spurred by weakness in Meta Platforms' results, while today the numbers and prospects for Amazon and Snap have exceeded expectations**
- **In Asia, stock markets in China remain closed for the Lunar New Year Holiday, while Hong Kong has resumed trading with a 3.2% rise. Europe trades with widespread declines digesting the more hawkish stance from ECB's Lagarde and with the major falls in the automotive sector**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds, with most European assets adjusting +3bps to +7bps, while US Treasuries show gains of up to 2bps in long-term tenors. Yesterday the Mbonos' curve closed with lossess of 1bp on average, concentrated in the mid-end. The 10-year benchmark closed unchanged at 7.62%**
- **The dollar weakens with DXY -0.2% amid mixed performance in developed and emerging currencies. In the latter group, trading is narrowed by KRW (+0.8%) and CLP (-0.6%), while the Mexican peso is the third weakest, depreciating 0.2% to 20.60 per dollar**
- **Crude oil prices rise 2.1% reaching a new 7-year high on low temperatures and limited inventories in the US as well as geopolitical risks in Europe. In metals, gold rises 0.4% to US\$1,812 \$/t oz as most industrials print gains**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,111.16	-1.5%
S&P 500	4,477.44	-2.4%
Nasdaq	13,878.82	-3.7%
IPC	51,145.11	-1.7%
Ibovespa	111,695.90	-0.2%
Euro Stoxx 50	4,141.02	-1.9%
FTSE 100	7,528.84	-0.7%
CAC 40	7,005.63	-1.5%
DAX	15,368.47	-1.6%
Nikkei 225	27,241.31	-1.1%
Hang Seng	23,802.26	0.0%
Shanghai Composite	3,361.44	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	1.20	4pb
10-year Treasuries	1.83	6pb
28-day Cetes	5.85	1pb
28-day TIIE	5.74	0pb
2-year Mbono	7.46	1pb
10-year Mbono	7.63	1pb
<i>Currencies</i>		
USD/MXN	20.55	-0.1%
EUR/USD	1.14	1.2%
GBP/USD	1.36	0.2%
DXY	95.38	-0.6%
<i>Commodities</i>		
WTI	90.27	2.3%
Brent	91.11	1.8%
Mexican mix	83.82	0.9%
Gold	1,804.85	-0.1%
Copper	447.10	-0.6%

Source: Bloomberg

Corporate Debt

- **The first auction in the long-term market is expected today through the reopening of GM Financial de México bond, GMFIN 21, for a target amount of MXN 500 million and up to MXN 1 billion. The issuance has an irrevocable and unconditional guarantee from General Motors Financial Company Inc. ('BBB / Stable' by S&P and Fitch) and is rated 'mxAAA / AA+(mex)' by S&P Global and Fitch Ratings, respectively**
- **Fitch Ratings ratified the long-term national scale rating of Desarrollos Hidráulicos de Cancún at 'AA+(mex)' with a Stable outlook. According to the agency, the rating is based on its strong financial profile and a strategy focused on investments that improve its physical efficiency and the reach of its network**

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, 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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