

Financial Markets Daily

February 14, 2022

Main drivers for the financial markets today...

- **Stock markets lower, government bond yields on the downside and USD mixed as geopolitical tensions rise in Ukraine. Russia has increased its military presence near that country but has stated that they do not plan an invasion. Meanwhile, the US has warned that an attack this week may be imminent**
- **Investors watching carefully the evolution of the situation in Ukraine, while Bullard from the Fed will speak in a session with scarce economic data in the US. Japan will release 4Q21 GDP on the evening. In Mexico, there are also no relevant releases today**
- **This week, market focus remains on inflation and monetary policy. Price data releases for January in China, UK (consumer) and the US (producer). Moreover, minutes and speeches from several Fed members, as well as decisions in Turkey and Hungary, among others**
- **Geopolitical tensions remain high. We highlight the visit of German Chancellor Olaf Scholz to Russia and Ukraine, along the meeting of NATO ministers in Brussels and military exercises by Russia in Belarus that will end on February 20**
- **On the other hand, the World Bank will publish its *World Development Report 2022*, there will be a meeting of finance ministers and central bankers of the G20 in Indonesia, in addition to a meeting of European Union commerce ministers in France**
- **In economic data, the US will release retail sales, industrial production, housing starts, existing home sales, building permits (Jan), Philly Fed and Empire Manufacturing (Feb) as well as weekly initial jobless claims**
- **Going to other regions, we note 4Q21 GDP in Japan and the Eurozone, with the latter region also releasing trade balance, industrial production (Dec) and consumer confidence (Feb). Moreover, unemployment rate (Dec) in the UK and ZEW survey in Germany**
- **In Mexico, we will only know the *Timely Indicator of Economic Activity* (Jan)**

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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,378.75	-0.7%
Euro Stoxx 50	4,016.10	-3.3%
Nikkei 225	27,079.59	-2.2%
Shanghai Composite	3,428.88	-1.0%
<i>Currencies</i>		
USD/MXN	20.50	-0.2%
EUR/USD	1.13	-0.4%
DXY	96.28	0.2%
<i>Commodities</i>		
WTI	92.82	-0.3%
Brent	94.09	-0.4%
Gold	1,856.23	-0.1%
Copper	446.90	-0.8%
<i>Sovereign bonds</i>		
10-year Treasury	1.92	-2pb

Source: Bloomberg

The most relevant economic data...

Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>				
8:30 Fed's Bullard speaks on CNBC				
<i>Japan</i>				
18:50 Gross domestic product* - 4Q21 (P)	% q/q	--	1.5	-0.9

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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Equities

- **Equity markets kicked-off the week with a negative performance due to the escalation of tensions related to Ukraine. Meanwhile, concerns continue about inflationary pressures and the possibility of more aggressive interest-rate hikes by the Fed. On the other hand, on the corporate front, only three S&P500 companies will release their results after the market closes**
- **Asian markets closed negative, also affected by a rebound in COVID-19 infections in Hong Kong. In Europe stocks drop, with the Euro Stoxx falling 3.3%. Shares from financial, technology and communication services sectors lead losses. In turn, US futures of main indices point to a negative open by falling 0.8% on average**
- **In Mexico, the Mexbol could trade below 52,800 pts**

Sovereign fixed income, currencies and commodities

- **Positive balance in global sovereign rates as European securities print gains of 6bps, on average. Moreover, US Treasuries adjust -2bps in mid-term securities. In Mexico, the Mbonos' yield curve closed last week with pressures of 16bps, on average**
- **USD strengthens against most developed currencies except for JPY (+0.2%) and CHF (+0.1%). In EM, performance is mixed, with HUF (-0.9%) and THB (+0.5%) at the extremes. In addition, MXN trades at 20.50 per dollar, up 0.2% after a weekly appreciation of 0.7%**
- **High volatility in commodities due to higher geopolitical tensions over Ukraine. Brent and WTI reached fresh highs since 2014 at 96 and 95 \$/bbl, in the same order. Moreover, natural gas and aluminum climbed, with the latter trading near to highs from 2008**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,738.06	-1.4%
S&P 500	4,418.64	-1.9%
Nasdaq	13,791.15	-2.8%
IPC	53,229.26	1.2%
Ibovespa	113,572.40	0.2%
Euro Stoxx 50	4,155.23	-1.0%
FTSE 100	7,661.02	-0.1%
CAC 40	7,011.60	-1.3%
DAX	15,425.12	-0.4%
Nikkei 225	27,696.08	0.0%
Hang Seng	24,906.66	-0.1%
Shanghai Composite	3,462.95	-0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	1.50	-8pb
10-year Treasuries	1.94	-9pb
28-day Cetes	6.04	3pb
28-day TIE	6.20	45pb
2-year Mbono	7.68	6pb
10-year Mbono	7.79	4pb
<i>Currencies</i>		
USD/MXN	20.54	-0.2%
EUR/USD	1.14	-0.7%
GBP/USD	1.36	0.1%
DXY	96.08	0.6%
<i>Commodities</i>		
WTI	93.10	3.6%
Brent	94.44	3.3%
Mexican mix	86.84	3.2%
Gold	1,858.76	1.7%
Copper	450.95	-3.2%

Source: Bloomberg

Corporate Debt

- **It is expected that the placements in the corporate debt market will gradually accelerate and to observe a March with more dynamism in auctions, as can already be seen in the pipeline, where the placements of Grupo Elektra, FEFA, and GAP stand out by amount**
- **S&P Global Ratings affirmed its long-term and short-term national scale issuer credit ratings at 'mxA-' and 'mxA-2', respectively, on Banco Base and Casa de Bolsa Base. At the same time, it revised the outlook on both entities' long-term ratings to stable from negative. According to the agency, the rating action reflects a positive revision in Banco Base's business position evaluation after showing greater business stability and resilience in its operating income**

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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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