

# Financial Markets Daily

February 15, 2022

## Main drivers for the financial markets today...

- **Stock markets positive, albeit negative in Asia with S&P500 futures higher, government bond yields positive, and the USD weakening, while investors process hawkish comments from Fed speakers, although recognizing an environment of lower geopolitical tensions between Ukraine and Russia**
- **Specifically, Russia announced the withdrawal of troops from the border with Ukraine after finishing military exercises, particularly in Belarus. Although actions are not entirely clear, today President Vladimir Putin will meet with German Chancellor, Olaf Scholz to speak on the situation**
- **Regarding the Fed, we had once again hawkish comments from James Bullard (St. Louis Fed) and Esther George (Kansas City Fed). The former reiterated the need for faster actions from the Fed, while the latter mentioned that it would be desirable to have a systematic plan to withdraw monetary stimulus**
- **On economic data, the World Bank will release its World Development Report. Meanwhile 4Q21 GDP in the Eurozone remained at 0.3% q/q. The ZEW survey in Germany for February climbed to 54.3pts. In the US, attention on February's Empire Manufacturing and January's PPI. Tonight, China will release January's CPI**

Alejandro Padilla  
Chief Economist and  
Head of Research  
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA  
Executive Director of Economic Research  
and Financial Markets Strategy  
juan.alderete.mactal@banorte.com

Alejandro Cervantes Llamas  
Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar  
Director of Market Strategy  
manuel.jimenez@banorte.com

Winners of the award for best economic  
forecasters for Mexico in 2021, granted by  
Refinitiv



 [www.banorte.com](http://www.banorte.com)  
 @ analisis\_fundam

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Global</i>					
10:00	World Bank's World Development Report				
<i>Eurozone and UK</i>					
2:00	UK Unemployment rate* - Dec	%	--	4.1	4.1
5:00	GER ZEW Survey (Expectations) - Feb	index	--	55.0	51.7
5:00	EZ Trade balance* - Dec	EURbn	--	-4.7	-1.3
5:00	EZ Gross domestic product - 4Q21 (P)	% y/y	--	4.6	4.6
5:00	EZ Gross domestic product* - 4Q21 (P)	% q/q	--	0.3	0.3
<i>United States</i>					
8:30	Empire manufacturing* - Feb	index	11.0	11.0	-0.7
8:30	Producer prices* - Jan	% m/m	--	0.5	0.3
8:30	Ex. food & energy* - Jan	% m/m	--	0.4	0.5
<i>Mexico</i>					
10:00	International reserves - Feb 11	US\$b	--	--	201.7
11:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 20-year Mbono (Nov'42); 10-year Udibono (Nov'31) and 1-, 2-, 3-, 5-, and 7-year Bondes F				
<i>China</i>					
20:30	Consumer prices - Jan	% y/y	--	1.0	1.5

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

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

## A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,458.00	1.5%
Euro Stoxx 50	4,130.72	1.6%
Nikkei 225	26,865.19	-0.8%
Shanghai Composite	3,446.09	0.5%
<i>Currencies</i>		
USD/MXN	20.38	-0.2%
EUR/USD	1.13	0.3%
DX	96.07	-0.3%
<i>Commodities</i>		
WTI	92.63	-3.0%
Brent	93.94	-2.6%
Gold	1,845.93	-1.3%
Copper	452.75	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	2.03	4pb

Source: Bloomberg

## Equities

- **Positive bias in equity markets as investors react favorably to a decrease in Ukraine tensions after the news that Russia began to return some troops, as attention turns to producer prices data in the US and corporate earnings**
- **In Asia the markets closed mixed. In Europe stocks advance, the Euro Stoxx adds 1.6%. In turn, in the US the futures of main indices point to a positive open by rising 1.7% on average**
- **On the corporate front, out of the 18 S&P 500 companies scheduled to report today, 8 have already updated investors with most outperforming estimates, including Allegion and Marriott International. In Mexico, Ac will release its quarterly results before the bell, while Alfa and Subsidiaries will report after the makets close**

## Sovereign fixed income, currencies and commodities

- **Negative balane in sovereign bonds, with +3bps adjustments in European assets while US Treasuries print pressures of 4bps in log-term securities. In local terms, the Mbonos' curve closed yesterday with a 5bps sell-off, on average. The 10-year benchmark closed at 7.82% (+5bps)**
- **Dollar registers losses amid a favorable performance in most of the developed currencies with SEK (+0.7%) leading gains. In EM, bias is mixed with RUB (+2.1%) outperforming followed by PLN (+1.2%). The Mexican peso appreciates 0.2% to 20.38 per dollar, after gaining 0.6% yesterday**
- **Crude oil prices fall 3.5% as Russia pulls some troops back from the border with Ukraine easing geopolitical tensions. Modest gains in base metals, while gold trades at 1,845 \$/t oz (-1.3%) after reaching highest levels since June 2021 yesterday**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,566.17	-0.5%
S&P 500	4,401.67	-0.4%
Nasdaq	13,790.92	0.0%
IPC	52,334.73	-1.7%
Ibovespa	113,899.20	0.3%
Euro Stoxx 50	4,064.45	-2.2%
FTSE 100	7,531.59	-1.7%
CAC 40	6,852.20	-2.3%
DAX	15,113.97	-2.0%
Nikkei 225	27,079.59	-2.2%
Hang Seng	24,556.57	-1.4%
Shanghai Composite	3,428.88	-1.0%
<i>Sovereign bonds</i>		
2-year Treasuries	1.57	7pb
10-year Treasuries	1.99	5pb
28-day Cetes	6.06	2pb
28-day TIIE	6.23	2pb
2-year Mbono	7.79	12pb
10-year Mbono	7.82	4pb
<i>Currencies</i>		
USD/MXN	20.42	-0.6%
EUR/USD	1.13	-0.4%
GBP/USD	1.35	-0.3%
DXY	96.37	0.3%
<i>Commodities</i>		
WTI	95.46	2.5%
Brent	96.48	2.2%
Mexican mix	89.10	2.6%
Gold	1,871.18	0.7%
Copper	450.80	0.0%

Source: Bloomberg

## Corporate Debt

- **HR Ratings downgraded the ratings for issuances CREALCB 17 and CREALCB 19 (Crédito Real's ABS) to 'HR AA+ (E)' from 'HR AAA (E)', keeping them on Negative Watch, due to a higher operative risk because of a possible lower administration ability from Crédito Real**
- **HR Ratings upgraded Fhipo's long-term ratings to 'HR AA+' from 'HR AA', changing the outlook to Stable from Positive, and upgraded the short-term ratings to 'HR+1' from 'HR1', based on the Trust's adequate solvency position**
- **Fitch Ratings affirmed Grupo DASI's ratings at 'BBB+(mex)', revised the outlook to Stable from Negative, and simultaneously retired them. The ratings reflect DASI's good competitive position in Mexico's Japanese food segment**

## Certification of Analysts.

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.

## Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

## Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

## Last-twelve-month activities of the business areas.

**Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.**

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

## Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## Guide for investment recommendations.

	Reference
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

## Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

*The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.*

GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy			
Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
Economic Research			
Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707
Market Strategy			
Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
Fixed income and FX Strategy			
Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Equity Strategy			
Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Analyst	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 2755
Corporate Debt			
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248
Quantitative Analysis			
Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Daniela Olea Suarez	Senior Analyst, Quantitative Analysis	daniela.olea.suarez@banorte.com	(55) 1103 - 4000
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
Wholesale Banking			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebaldos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899