

Financial Markets Daily

February 21, 2022

Main drivers for the financial markets today...

- **Stock markets lower, government bond yields up and USD mixed as speculation builds about a possible meeting between presidents Vladimir Putin and Joe Biden on Ukraine. Nevertheless, Russia stated there are no concrete plans, while the US keeps warning about an imminent attack. Volatility remains high on the likely start of rate hikes from the Fed**
- **US markets closed today because of Presidents' Day. Investor focus will remain on the evolution of Ukraine negotiations, while Bowman from the Fed will speak to community bankers. In Mexico, releases include only the banking sector expectations survey**
- **This week, mkt focus will remain on Ukraine tensions, watching the meeting between the US and Russia and between European Union foreign ministers in Brussels. Also, inflation data in Mexico, Brazil (1H-February) and PCE deflator in the US (Jan)**
- **In monetary policy, we highlight Banxico minutes and speeches by several Fed members, including Waller, Bowman, Mester, Barkin and Bostic. Decisions also in New Zealand, Korea and Hungary**
- **In economic data, the US will publish 4Q21 GDP (2nd estimate), housing prices (Dec), personal income, consumption spending, durable goods orders, new home sales (Jan), PMI indicators, consumer confidence and U. of Michigan sentiment (Feb)**
- **In other regions, we note consumer and economic confidence in the Eurozone (Feb), unemployment rate in Brazil (Dec) and the IFO survey in Germany (Feb)**
- **In Mexico, apart from the minutes, the agenda includes retail sales and IGAE (Dec), final GDP and current account (4Q21), trade balance (Jan) and the banking sector survey**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
	Markets closed due to Presidents' Day holiday				
11:15	Fed's Bowman speaks to ABA Community Bankers				
<i>Eurozone and UK</i>					
4:00	EZ Manufacturing PMI (Markit)* - Feb (P)	index	--	58.7	58.7
4:00	EZ Services PMI (Markit)* - Feb (P)	index	--	52.1	51.1
4:00	EZ Composite PMI (Markit)* - Feb (P)	index	--	52.9	52.3
4:30	UK Manufacturing PMI* - Feb (P)	index	--	57.0	57.3
4:30	UK Services PMI* - Feb (P)	index	--	55.5	54.1

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	4,332.25	-0.3%
Euro Stoxx 50	4,025.54	-1.2%
Nikkei 225	26,910.87	-0.8%
Shanghai Composite	3,490.61	0.0%
<i>Currencies</i>		
USD/MXN	20.29	0.0%
EUR/USD	1.13	0.2%
DXY	95.90	-0.1%
<i>Commodities</i>		
WTI	91.78	0.8%
Brent	94.13	0.6%
Gold	1,893.16	-0.3%
Copper	450.85	-0.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.93	0pb

Source: Bloomberg

Equities

- **Equity markets kicked-off the week lower as investors react to heightened tensions between Russia and Ukraine, while they turn their attention to the Fed's policy decision next Wednesday, as well as a greater flow of corporate earnings in the following days, including some Big Tech companies (Apple, Microsoft, and Tesla). Out of the 5 S&P500 companies scheduled to report today, Halliburton has already released its results above expectations. IBM will publish after the market closes**
- **In Asia most markets closed negative. In Europe stocks drop, with the Euro Stoxx decreasing 2.1%. Shares from technology, industrials, and consumer discretionary sectors lead losses. In turn, in the US the futures of main indices point to a negative open by falling 0.4% on average**
- **In Mexico, the Mexbol may stand below the 51,400 pts**

Sovereign fixed income, currencies and commodities

- **Today, the US market will be closed, lowering liquidity in the session. Meanwhile, European rates sold-off 2bps on average. In Mexico, the Mbonos' yield curve had mixed movements with a positive bias last week**
- **USD trades slightly negative amid a favorable performance in G10 currencies, with CHF (+0.5%) leading higher. In EM, bias is mixed with RUB as the weakest (-1.4%), and KRW (+0.3%) as the strongest (+0.3%). Meanwhile, USD/MXN trades unchanged at 20.29 per dollar after a 1.2% weekly appreciation**
- **Crude-oil gains, with markets attentive to the geopolitical tensions in Ukraine which, if exacerbated, could disrupt supply. Mixed performance in metals, with nickel jumping to highs not seen since 2011 because of strong demand, while copper falls 0.2%, and gold trades at 1,893 \$/oz t (-0.3%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,079.18	-0.7%
S&P 500	4,348.87	-0.7%
Nasdaq	13,548.07	-1.2%
IPC	52,281.54	-0.8%
Ibovespa	112,879.90	-0.6%
Euro Stoxx 50	4,074.28	-0.9%
FTSE 100	7,513.62	-0.3%
CAC 40	6,929.63	-0.2%
DAX	15,042.51	-1.5%
Nikkei 225	27,122.07	-0.4%
Hang Seng	24,327.71	-1.9%
Shanghai Composite	3,490.76	0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	1.47	0pb
10-year Treasuries	1.93	-3pb
28-day Cetes	6.04	1pb
28-day TIE	6.23	0pb
2-year Mbono	7.67	-4pb
10-year Mbono	7.80	0pb
<i>Currencies</i>		
USD/MXN	20.29	0.0%
EUR/USD	1.13	-0.3%
GBP/USD	1.36	-0.2%
DXY	96.04	0.3%
<i>Commodities</i>		
WTI	91.07	-0.8%
Brent	93.54	0.6%
Mexican mix	85.55	-0.2%
Gold	1,898.43	0.0%
Copper	452.60	0.0%

Source: Bloomberg

Corporate Debt

- **This week we expect the long-term placements in the corporate debt market to resume, with the auction of two bonds by Arrendadora Actinver and Corporación Financiera Atlas for up to MXN 2.1 billion**
- **In the banking bond market, we expect the first issuance of the year from Consubanco (CSBANCO 22) for a total amount of up to MXN 1.2 billion**
- **PCR Verum affirmed the ratings for Montepío Luz Saviñón's short-term placement program at '1+/M' based on the sustained strengthening on its business model**

Certification of Analysts.

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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