

# Financial Markets Daily

February 23, 2022

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

- **Positive stock markets, mixed government bond yields and USD down amid a return of appetite for risky assets as sanctions against Russia were less severe than expected. However, the recent rally in commodities poses a greater risk to global monetary policy**
- **Investor sentiment will continue to be very sensitive to news about geopolitical tensions in Europe, sanctions by the US and its allies could increase in the event of a further advance of Russian troops into Ukrainian territory. What has been announced so far by President Biden was considered very limited. The sanctions are focused on a pair of Russian banks, as well as three members of Russia's elite with close ties to the Kremlin. Likewise, the penalties are aimed at freezing future purchases of Russian sovereign debt**
- **Today the economic agenda in the US is empty, and the markets will be attentive to the speech of Mary Daly of the San Francisco Fed, and later to the monetary policy decision of the South Korean central bank**
- **In Brazil, inflation through mid-month hit 0.99% m/m, above consensus estimate of 0.87% m/m, with which the annual variation stood at 10.76%, above the previous 10.20%. Data confirms a scenario of strong inflationary pressures, in a context in which the Copom has said that it will moderate its rate hike pace. Meanwhile, in the Eurozone the final inflation data for January was published at 5.1% y/y**

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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	Consumer prices - Jan (F)	% y/y	--	5.1	5.0
5:00	Core - Jan (F)	% y/y	--	2.3	2.3
<i>Brazil</i>					
7:00	Consumer prices - Feb	% 2w/2w	--	0.87	0.58
7:00	Consumer prices - Feb	% y/y	--	10.60	10.20
<i>South Korea</i>					
	Monetary policy decision (C. bank of South Korea)	%	--	1.25	1.25

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	4,331.25	0.7%
Euro Stoxx 50	4,027.68	1.1%
Nikkei 225	26,449.61	0.0%
Shanghai Composite	3,489.15	0.9%
<i>Currencies</i>		
USD/MXN	20.26	-0.2%
EUR/USD	1.13	0.2%
DX	95.89	-0.1%
<i>Commodities</i>		
WTI	91.39	-1.0%
Brent	96.39	-0.5%
Gold	1,895.71	-0.2%
Copper	452.40	0.3%
<i>Sovereign bonds</i>		
10-year Treasury	1.98	4pb

Source: Bloomberg

## Equities

- **Stock markets positive, reacting to less severe sanctions against Russia, although caution among investors continues. Futures in the US anticipate a positive opening, with the S&P500 trading 0.7% above its theoretical value, reacting to cheap stock buying, after significant declines observed yesterday**
- **Asia positive, with Japan closed for Holiday. Europe trades with widespread gains, although concerns about more inflationary pressures, remain latent**
- **In the corporate front we expect 13 companies from S&P500 to release its earnings. In Mexico we will have the figures of Gentera, Lab, Lacomer, Nemak and Orbia. Yesterday the positive results from Gap and Oma stood out, although we downgraded to HOLD our recommendations, amid extended valuations. Liverpool's figures showed positive growth, recovery in profitability, very attractive valuation and financial strength**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign rates, with European assets adjusting +/-1bp while the US Treasury yield curve trades with gains of 3bps. Yesterday, the Mbonos' curve closed with losses of 3bps on average and the 10-year benchmark ended at 7.83% (+4bps)**
- **The dollar trades with mild losses on the DXY allowing a generalized advance in developed currencies, where NZD (+0.7%) is the strongest. In the EM group, performance is mixed, CLP (+0.6%) leads gains and RUB (-1.1%) weakens on geopolitical tensions. MXN appreciates 0.2% to 20.26 per dollar**
- **Crude oil prices decline 0.3% although the risk of seeing higher prices if the crisis in Ukraine escalates remains. Industrial metals print mixed changes and gold declines 0.5% to 1,895 \$/t oz**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,596.61	-1.4%
S&P 500	4,304.76	-1.0%
Nasdaq	13,381.52	-1.2%
IPC	52,600.45	1.1%
Ibovespa	112,891.80	1.0%
Euro Stoxx 50	3,985.47	0.0%
FTSE 100	7,494.21	0.1%
CAC 40	6,787.60	0.0%
DAX	14,693.00	-0.3%
Nikkei 225	26,449.61	-1.7%
Hang Seng	23,520.00	-2.7%
Shanghai Composite	3,457.15	-1.0%
<i>Sovereign bonds</i>		
2-year Treasuries	1.55	8pb
10-year Treasuries	1.94	1pb
28-day Cetes	5.94	-11pb
28-day TIE	6.23	0pb
2-year Mbono	7.68	-2pb
10-year Mbono	7.83	3pb
<i>Currencies</i>		
USD/MXN	20.30	0.0%
EUR/USD	1.13	0.1%
GBP/USD	1.36	-0.1%
DXY	96.03	-0.1%
<i>Commodities</i>		
WTI	92.35	1.4%
Brent	96.84	1.5%
Mexican mix	88.48	3.4%
Gold	1,898.64	-0.4%
Copper	451.75	-0.2%

Source: Bloomberg

## Corporate Debt

- **The Consubanco bond auction, CSBANCO 22, for an amount of up to MXN 1.2 billion, rated 'A-(mex)/HR A', is expected today. The bond will have a 3-year term and will pay a floating rate pegged to the TIE-28**
- **Fitch Ratings affirmed Genomma Lab's ratings at 'AA(mex)' and 'F1+(mex)' and revised the long-term rating outlook to Positive from Stable. According to the agency, the Positive outlook reflects Fitch's expectation that Genomma Lab will maintain the growth in its operating results in the next 12 to 24 months associated with its commercial and operational strategies, and the benefits obtained from the operation of its manufacturing plant for OTC pharmaceuticals and personal care products**

## 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, Yazmin 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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## 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>

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