

# Financial Markets Daily

March 1, 2022

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

- **Stock markets mixed, with S&P500 futures lower, government bond yields lower, with the USD and commodities gaining ground due to uncertainty from the war in Ukraine and expecting the meeting between OPEC+ members**
- **Despite strong economic sanctions to Russia (now including restrictions to the central bank), the conflict with Ukraine intensifies. This keeps pressuring commodities in a generalized fashion. In addition, local Russian markets remain closed while the country's stocks listed abroad have fallen strongly**
- **Attention during the day will be on the 'State of the Union' address from Joe Biden at 9:00pm (ET). Originally, focus was expected to lie on domestic issues, including the pandemic, inflation, and spending packages, although now it will be on comments regarding the situation in Ukraine**
- **On economic data, in the US attention on manufacturing data (ISM and PMI) and auto sales (February). In addition, we will have comments from Bostic (Atlanta) and Mester (Cleveland). In Europe, manufacturing PMIs were just barely below preliminary figures and awaiting inflation in Germany. In China, all PMIs surprised higher, suggesting greater dynamism. In Mexico, January's family remittances and IMEF's PMIs will be published later**

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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>Germany</i>					
8:00	Consumer prices - Feb (P)	% y/y	--	5.0	4.9
<i>United States</i>					
9:45	Manufacturing PMI (Markit)* - Feb (F)	index	57.5	57.5	57.5
10:00	ISM manufacturing* - Feb	index	57.5	58.0	57.6
10:00	Biden's state of the union address				
14:00	Fed's Bostic Discusses Survey of Business Uncertainty				
	Total vehicle sales** - Feb	thousands	--	14.4	15.0
<i>Mexico</i>					
10:00	International reserves - Feb 25	US\$bn	--	--	201.5
10:00	Family remittances - Jan	US\$m	3,984.8	4,414.4	4,760.4
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Nov'47); 30-year Udibono (Nov'50) and 1-, 2-, 3-, and 5-year Bonos F				
13:00	PMI manufacturing (IMEF)* - Feb	index	51.3	--	48.8
13:00	PMI non-manufacturing (IMEF)* - Feb	index	50.1	--	49.0

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	4,335.75	-0.7%
Euro Stoxx 50	3,801.18	-3.1%
Nikkei 225	26,844.72	1.2%
Shanghai Composite	3,488.84	0.8%
<i>Currencies</i>		
USD/MXN	20.51	0.2%
EUR/USD	1.12	-0.6%
DX	97.06	0.4%
<i>Commodities</i>		
WTI	100.74	5.2%
Brent	103.62	2.6%
Gold	1,921.29	0.6%
Copper	451.35	1.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.73	-9pb

Source: Bloomberg

## Equities

- **Mixed movements, with negative bias, and high volatility in equity markets as investors weigh the risks around the intensifying war in Ukraine and economic implications from sanctions on Russia. Meanwhile, on the corporate front, out of the 8 S&P500 companies scheduled to report today, 4 have already updated investors with outperforming estimates, including AutoZone and Target**
- **In Asia the markets closed positive. There were no operations in South Korea due to being a holiday. In Europe stocks drop, the Euro Stoxx decreases 3.1%. Shares from utilities, industrials, and consumer discretionary sectors lead losses. In turn, in the US the futures of main indices point to a negative open by falling 0.8% on average**
- **In Mexico, the Mexbol may stand around the 53,000 pts**

## Sovereign fixed income, currencies and commodities

- **Widespread gains in sovereign rates due to greater appetite for safe haven assets, with European rates rallying 15bps while the US Treasury yield curve trades with gains of 10bps, on average. In this sense, the 10-year benchmark trades at 1.74%**
- **The dollar trades with gains against all G10 currencies except for JPY (+0.2%). In the EM group, performance is mixed, RUB (+1.2%) leads gains and PLN (-1.1%) weakens. MXN depreciates 0.2% to 20.51 per dollar after a 0.6% depreciation yesterday**
- **Commodities soar with crude-oil prices reaching fresh highs since 2014 due to uncertainty about a global supply disruption. In metals, aluminum reaches fresh all-time highs (+2.7%), while gold and palladium increase 0.6% and 0.7%, respectively**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,892.60	-0.5%
S&P 500	4,373.94	-0.2%
Nasdaq	13,751.40	0.4%
IPC	53,400.61	1.6%
Ibovespa	113,141.90	0.0%
Euro Stoxx 50	3,924.23	-1.2%
FTSE 100	7,458.25	-0.4%
CAC 40	6,658.83	-1.4%
DAX	14,461.02	-0.7%
Nikkei 225	26,526.82	0.2%
Hang Seng	22,713.02	-0.2%
Shanghai Composite	3,462.31	0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	1.43	-14pb
10-year Treasuries	1.83	-14pb
28-day Cetes	6.12	5pb
28-day TIE	6.24	0pb
2-year Mbono	7.70	4pb
10-year Mbono	7.95	4pb
<i>Currencies</i>		
USD/MXN	20.47	0.6%
EUR/USD	1.12	-0.4%
GBP/USD	1.34	0.1%
DX-Y	96.71	0.1%
<i>Commodities</i>		
WTI	95.72	4.5%
Brent	100.99	3.1%
Mexican mix	91.80	3.4%
Gold	1,908.99	1.0%
Copper	445.45	-0.7%

Source: Bloomberg

## Corporate Debt

- **Today we expect the auction of an unsecured note from Consubanco, CSBANCO 22, for an amount of up to MXN 1.2 billion, with a 3-year term. The bond is rated at 'A-(mex)' by Fitch Ratings and at 'HR A' by HR Ratings**
- **Moody's assigned ratings to Grupo Aeroportuario del Centro Norte's proposed bonds (OMA 22 / 22-2) at 'Baa1' (global scale) and 'Aaa.mx' (local scale). The issuances will be carried out for up to MXN 4.0 billion**
- **FEMSA announced it closed the acquisition of OK Market, a small format retail store chain in Chile, after receiving the appropriate regulatory approvals**

## 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, Gerardo Daniel Valle Trujillo and Isaías Rodríguez Sobrino, 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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	Reference
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<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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