

Financial Markets Daily

March 2, 2022

Main drivers for the financial markets today...

- **Mixed stock markets, while government bond yields and the USD are up with investors attentive to the situation in Ukraine and assessing the impact of the war on commodities and economic growth. Russia confirmed that it will resume talks with Ukraine, although fighting still continues**
- **Attention on Powell's testimony before the House Financial Services Committee, in which comments on monetary policy normalization are expected before the period of silence begins previous to the FOMC meeting on March 16. The words of the Fed's president will be key in a context where traders are casting aside wagers on a 50pb hike in said meeting. In addition, Fed's Bullard and Evans will speak at other forums**
- **In Canada, monetary policy decision is expected. Consensus estimates the central bank will raise their reference rate by 25bp to place it at 0.50%**
- **Regarding economic figures, in the US, the ADP private employment report for February will be released, where we estimate 300k new jobs created after falling -301k in January. In other regions, China will release Caixin Composite and Services PMI indicators for February**
- **In Mexico, the agenda includes the publication of Banxico's Quarterly Report. For economic growth, we anticipate a downward revision from the current estimate for 2022 of 3.2%, moving closer to our 2.4%. The public finance report will also be released**

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



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FOR REUTERS POLLS
FROM REFINITIV**



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
8:15	ADP employment* - Feb	thousands	300	400	-301
9:00	Fed's Evans Discusses Economy and Monetary Policy				
9:30	Fed's Bullard discusses the economic outlook				
10:00	Fed Chair Powell testifies before the House's Financial Services Committee				
14:00	Beige Book				
<i>Mexico</i>					
13:30	Banxico's Quarterly Report				
15:30	Public finances (PSBR, year-to-date) - Jan	MXNmn	--	--	-996.7
<i>China</i>					
20:45	Composite PMI (Caixin)* - Feb	index	--	--	50.1
20:45	Services PMI (Caixin)* - Feb	index	--	50.8	51.4

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	0.7%
Euro Stoxx 50	3,804.94	1.0%
Nikkei 225	26,393.03	-1.7%
Shanghai Composite	3,484.19	-0.1%
<i>Currencies</i>		
USD/MXN	20.72	0.3%
EUR/USD	1.11	-0.2%
DX	97.61	0.2%
<i>Commodities</i>		
WTI	109.90	6.3%
Brent	111.12	5.9%
Gold	1,930.26	-0.8%
Copper	465.00	1.4%
<i>Sovereign bonds</i>		
10-year Treasury	1.75	2pb

Source: Bloomberg

Equities

- **Stock markets mixed, while attention continues in the evolution of the conflict in Ukraine, the different sanctions against Russia and particular decisions of some companies about their operations in the invasive country. Apple, as an example, halted sales of its products in Russia, while Glencore reviews its businesses linked to that country**
- **Futures in the US anticipate a positive opening, with the S&P500 trading 0.7% above its theoretical value, after yesterday's declines, reflecting that volatility will continue to be very present.**
- **Asia closed negative, following yesterday's movements, highlighting the declines in the Nikkei of 1.7% and the Hang Seng of 1.8%. Europe trades with almost widespread gains, while the Eurostoxx advances 1.0%, supported by a rise in mining and oil, and offsetting declines in telecoms after Ericsson failed to provide an adequate disclosure about its operations in Iraq**

Sovereign fixed income, currencies and commodities

- **Negative performance in government rates with European assets adjusting up to +12bps, after yesterday's strong rally. The US Treasury yield curve pressured by 5bps in short- and mid-term tenors while longer maturities lose +2bps. Yesterday, the Mbonos' curve printed pressure of 3bps on average, concentrated in long-term nodes**
- **The dollar strengthens (DXY +0.2%) while the performance in G-10 and emerging currencies is mixed. In developed currencies, CAD (+0.3%) and SEK (-0.9%) are at the ends, while in EM a negative bias prevails with RUB (-10.3%) as the weakest. The Mexican peso depreciates 0.3% to 20.73 per dollar**
- **Crude oil prices are up 6% with markets rejecting Russian oil, which generated anxiety about a deficit market. In metals gold slips 0.8% and industrials print gains**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,294.95	-1.8%
S&P 500	4,306.26	-1.5%
Nasdaq	13,532.46	-1.6%
IPC	53,168.82	-0.4%
Ibovespa	113,141.90	0.0%
Euro Stoxx 50	3,765.85	-4.0%
FTSE 100	7,330.20	-1.7%
CAC 40	6,396.49	-3.9%
DAX	13,904.85	-3.8%
Nikkei 225	26,844.72	1.2%
Hang Seng	22,761.71	0.2%
Shanghai Composite	3,488.84	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	1.34	-9pb
10-year Treasuries	1.73	-10pb
28-day Cetes	6.06	-6pb
28-day TIE	6.24	0pb
2-year Mbono	7.66	-4pb
10-year Mbono	7.97	2pb
<i>Currencies</i>		
USD/MXN	20.66	0.9%
EUR/USD	1.11	-0.8%
GBP/USD	1.33	-0.7%
DXY	97.41	0.7%
<i>Commodities</i>		
WTI	103.41	8.0%
Brent	104.97	3.9%
Mexican mix	97.57	6.3%
Gold	1,945.28	1.9%
Copper	459.65	3.2%

Source: Bloomberg

Corporate Debt

- **Today we expect the auction of three unsecured bonds from Grupo Elektra, ELEKTRA 22 / 22-2 / 22U, for a joint amount of up to MXN 5.0 billion. The assigned ratings were 'HR AA+' by HR Ratings and 'AA/M' by PCR Verum, and the proceeds will be used to cover the maturity of its existing bond, ELEKTRA 19**
- **The series 22 will pay a floating rate pegged to the 28-day TIE with a 3-year term, series 22-2 will pay a fixed rate with a 5.6-year term, and series 22U will pay a real fixed rate (Udis) with a 6.6-year term**
- **HR Ratings affirmed the ratings for Engen Capital's ABS, ENCAPCB 21 / 21-2, after the planned reopening issues for an additional MXN 2.0 billion**

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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