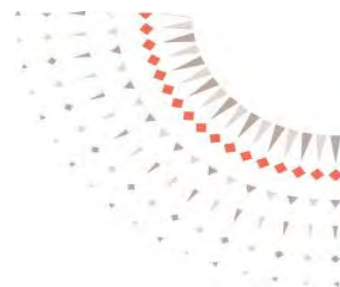


# Financial Markets Daily



March 15, 2022

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

- **Stock markets down, albeit with S&P500 futures higher, with government bond yields negative and the USD weakening amid a new episode of risk aversion due to the wave of contagions in China and an extension of the war in Ukraine. The expectation of lower activity in China impacts commodities, with crude-oil trading below 100 \$/bbl**
- **In China, the city of Jilin (in the Changchun province), focused in the auto sector, was added to the list of cities in lockdown (highlighting Shenzhen yesterday) due to the spread of ‘Omicron’. As such, fears of a larger deceleration of activity in the country remain to the upside**
- **On the conflict in Ukraine, negotiations are expected to continue while attacks on civilian targets by Russian troops keep escalating. In addition, talks between the US and China will continue, given the possibility that the second country enters the conflict**
- **Regarding monetary policy, in China the PBOC surprised by not cutting its one-year loan rate, keeping it at 2.85%. Despite of this, expectations are that the accommodative trend continues in upcoming months to support the economy. In another front, ECB President, Christine Lagarde will speak later today**
- **On data, in the US, February’s PPI climbed less than anticipated at 0.2% m/m. March’s Empire Manufacturing surprised lower at -11.8pts. In the Eurozone, January’s Industrial Production decelerated to 0.0% m/m, while in Germany, the ZEW expectations index for March plummeted to -39.3pts. Lastly, in the UK, January’s unemployment rate improved to 3.9%**

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Winners of the award for best economic  
forecasters for Mexico in 2021, granted by  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
3:00	UK Unemployment rate* - Jan	%	--	4.0	4.1
6:00	GER ZEW Survey (Expectations) - Mar	index	--	5.0	54.3
6:00	EZ Industrial Production* - Jan	% m/m	--	0.1	1.2
<i>United States</i>					
8:30	Producer prices* - Feb	% m/m	--	0.9	1.0
8:30	Ex. food & energy* - Feb	% m/m	--	0.6	0.8
8:30	Empire manufacturing* - Mar	index	5.5	7.0	3.1
<i>Mexico</i>					
11:00	International reserves - Mar 11	US\$bn	--	--	201.7
13:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 3-year Mbono (Mar'25); 10-year Udibono (Nov'31) and 1-, 2-, 3-, and 5-year Bondes F				

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	4,191.00	0.7%
Euro Stoxx 50	3,726.07	-0.4%
Nikkei 225	25,346.48	0.2%
Shanghai Composite	3,063.97	-5.0%
<i>Currencies</i>		
USD/MXN	20.88	-0.1%
EUR/USD	1.10	0.4%
DX	98.77	-0.2%
<i>Commodities</i>		
WTI	95.68	-7.1%
Brent	99.50	-6.9%
Gold	1,918.20	-1.7%
Copper	446.55	-1.0%
<i>Sovereign bonds</i>		
10-year Treasury	2.08	-5pb

Source: Bloomberg

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### Equities

- **Mixed movements, with negatie bias, in equity markets as investors show nervousness about the evolution of the talks between Russia and Ukraine, which will resume today after little progress yesterday, as well as the worst COVID-19 outbreak in China since the height of the pandemic in 2020, while awaiting tomorrow's Fed monetary policy decision**
- **In Asia the markets closed negative, with Japan being the exception, highlighting declines in Chinese technology companies as fears of potential delistings from US exchanges continued. In the same way, Europe stocks drop, the Euro Stoxx decreases 0.4%. In turn, in the US the futures of main indices point to a positive open by rising 0.3% on average**
- **In Mexico, we will be paying attention to the Walmex Day, particularly to any comments on its operating strategy in Central America**

### Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign rates, with European assets adjusting -3bps, while the US Treasuries print modest gains of 2bps after a 13bps sell-off yesterday. In local terms, the Mbonos' curve closed with losses of 11bps, on average, with the 10-year benchmark reaching highs since 2019 at 8.64% yesterday**
- **The dollar weakens against most of the G10 currencies with GBP (+0.5%) leading gains. In the EM group, performance is mixed with TRY (+1.6%) as the strongest and Asian currencies as the weakest (-0.4%). USD/MXN trades at 20.88 per dollar (+0.1%)**
- **Widespread losses in commodities following concerns about lower Chinese demand due to a rebound in contagions and renewed optimism that the Iranian nuclear deal could be revived. In this context, Brent trades below 100 \$/bbl and both base and precious metals fall just over 1.0%**

### Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,945.24	0.0%
S&P 500	4,173.11	-0.7%
Nasdaq	12,581.22	-2.0%
IPC	52,807.62	-0.9%
Ibovespa	109,927.60	-1.6%
Euro Stoxx 50	3,741.10	1.5%
FTSE 100	7,193.47	0.5%
CAC 40	6,369.94	1.8%
DAX	13,929.11	2.2%
Nikkei 225	25,307.85	0.6%
Hang Seng	19,531.66	-5.0%
Shanghai Composite	3,223.53	-2.6%
<i>Sovereign bonds</i>		
2-year Treasuries	1.86	11pb
10-year Treasuries	2.13	14pb
28-day Cetes	6.33	2pb
28-day TIE	6.24	0pb
2-year Mbono	8.41	11pb
10-year Mbono	8.65	15pb
<i>Currencies</i>		
USD/MXN	20.91	0.0%
EUR/USD	1.09	0.3%
GBP/USD	1.30	-0.3%
DX	99.00	-0.1%
<i>Commodities</i>		
WTI	103.01	-5.8%
Brent	106.90	-5.1%
Mexican mix	99.48	-5.2%
Gold	1,950.88	-1.9%
Copper	452.30	-2.2%

Source: Bloomberg

### Corporate Debt

- **Today we expect the auction of two unsecured notes from Grupo Aeroportuario del Pacífico, GAP 22 / 22-2, for a target amount of MXN 4.0 billion (up to MXN 5.0 billion), with 5 and 10-year terms, that will pay a floating and fixed rate, respectively. The bond's assigned ratings were 'AAA' by S&P Global and Moody's**
- **HR Ratings upgraded Banco Autofin de México's rating to 'HR BBB-' from 'HR BB+', based on the adequate implementation of the business plan, established by the new management during 2Q21**
- **Fitch Ratings affirmed the ratings of issuances IPORCB 19 / 19U (Operadora Metropolitana de Carreteras' Future Flow) at 'AA+(mex)' and changed the outlook to Positive from Stable following the solid recovery in traffic and revenue**

## 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, David Alejandro Arenas Sánchez, 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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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.

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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.

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