

# Financial Markets Daily

March 17, 2022

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

- **Mixed stock markets, S&P Futures, USD and government bond yields down with investors digesting the Fed's decision and Powell's comments with a hawkish tone, as well as the little progress in the peace negotiations between Russia and Ukraine**
- **The US House neared a deal to revoke Russia's trade status. This will allow the US to impose higher tariffs on Russian goods and take other actions. On the other hand, President Biden named Putin a war criminal and offered \$800 million in new weapons for Ukraine**
- **On the monetary policy front, central banks' moves to withdraw stimulus continue. The Bank of England raised its key interest rate for the third successive meeting in an 8-1 vote, placing it at 0.75%, returning it to pre-pandemic levels and warned that Russia's invasion of Ukraine may push inflation well above 8.0% later this year. Attention is now on the Bank of Turkey's decision, as well as comments from several ECB members**
- **As for economic figures, the Philly Fed regional manufacturing indicator was published, standing at 27.4pts well above the estimate and the previous figure. February's industrial production report will be released later. We estimate a 0.5% m/m advance, supported by a solid 1.0% increase in manufacturing, after rising just 0.2% the previous month**

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



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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
6:00	EZ Consumer prices - Feb (F)	% y/y	--	5.8	5.1
6:00	Core - Feb (F)	% y/y	--	2.7	2.7
8:00	Monetary policy decision (BoE)	%	0.000	0.750	0.500
<i>Turkey</i>					
7:00	Monetary policy decision (Central Bank of Turk)	%	--	14.00	14.00
<i>United States</i>					
8:30	Housing starts** - Feb	thousands	--	1,700	1,638
8:30	Building permits** - Feb	thousands	--	1,850	1,895
8:30	Initial jobless claims* - Mar 12	thousands	220	220	227
8:30	Philadelphia Fed* - Mar	index	14.5	15.0	16.0
9:15	Industrial production* - Feb	% m/m	0.5	0.5	1.4
9:15	Manufacturing production* - Feb	% m/m	1.0	1.0	0.2
<i>Japan</i>					
	Monetary policy decision (BoJ)	%	--	-0.100	-0.100

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	4,332.00	-0.4%
Euro Stoxx 50	3,856.90	-0.8%
Nikkei 225	26,652.89	3.5%
Shanghai Composite	3,215.05	1.4%
<i>Currencies</i>		
USD/MXN	20.61	-0.1%
EUR/USD	1.10	0.1%
DXY	98.35	-0.3%
<i>Commodities</i>		
WTI	100.50	5.7%
Brent	103.83	5.9%
Gold	1,938.76	0.6%
Copper	464.10	1.2%
<i>Sovereign bonds</i>		
10-year Treasury	2.16	-3pb

Source: Bloomberg

## Equities

- **Stock markets mixed, with negative bias, reflecting caution due to the halt in the progress of the peace negotiations between Russia and Ukraine, while investors continue to assess the impact on global economic growth and assimilate the expectation of a higher pace of rate hikes by the Fed**
- **Futures in the US anticipate a negative open with the S&P500 trading 0.4% and the Nasdaq 0.5% below their theoretical values, following gains seen in the previous session. In the same way, most indices in Europe operate with falls, with the Eurostoxx decreasing 0.8%, being the financial sector one with the major losses, while the real estate sector shows gains. In Asia we observe significantly positive closings, highlighting the advance of the Hang Seng with 7.0% and the Nikkei with 3.5%, following yesterday's sentiment**
- **In Mexico, the Mexbol Index may stand around 53,200pts, following international peer's behavior**

## Sovereign fixed income, currencies and commodities

- **Modest positive balance on sovereign rates. European rates adjust -1bp, on average, while US Treasuries register gains of 3bps. In Mexico, the Mbonos' yield curve closed yesterday with mixed movements and the 10-year reference ended at 8.64% (-6bps)**
- **Dollar weakens amid mixed performance in G10 and EM currencies. In the latter, the performance is limited by KRW (+1.8%) and RUB (-6.2%). Meanwhile, MXN trades near its 50-day moving average at 20.60 (+0.2%), scoring 4 positive sessions in a row**
- **Crude-oil jumps 6%, trading above 100\$/bbl in a backdrop of high volatility and minor progress in talks between Russia and Ukraine. In metals, the performance is mixed with aluminum and copper printing gains of 2.2% and 1.0%, respectively, and gold trades at 1,940 \$/oz t (+0.6%)**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,063.10	1.5%
S&P 500	4,357.86	2.2%
Nasdaq	13,436.55	3.8%
IPC	53,411.88	0.8%
Ibovespa	111,112.40	2.0%
Euro Stoxx 50	3,889.69	4.1%
FTSE 100	7,291.68	1.6%
CAC 40	6,588.64	3.7%
DAX	14,440.74	3.8%
Nikkei 225	25,762.01	1.6%
Hang Seng	20,087.50	9.1%
Shanghai Composite	3,170.71	3.5%
<i>Sovereign bonds</i>		
2-year Treasuries	1.94	9pb
10-year Treasuries	2.18	4pb
28-day Cetes	6.44	9pb
28-day TIIE	6.25	0pb
2-year Mbono	8.39	-2pb
10-year Mbono	8.58	-5pb
<i>Currencies</i>		
USD/MXN	20.64	-0.9%
EUR/USD	1.10	0.7%
GBP/USD	1.31	0.8%
DX-Y	98.62	-0.5%
<i>Commodities</i>		
WTI	95.04	-1.5%
Brent	98.02	-1.9%
Mexican mix	90.96	-1.4%
Gold	1,927.29	0.5%
Copper	460.05	1.9%

Source: Bloomberg

## Corporate Debt

- **S&P Global downgraded Unifin Financiera's global scale ratings to 'B+' from 'BB-' and its local scale ratings to 'mxBBB-' from 'mxA-' and placed them in negative CreditWatch. In the agency's opinion, current international, regional and sectorial risks will continue to stress Unifin's sources of funding and financial flexibility in the following months**
- **Gentera announced that its Peruvian subsidiary, Compartamos Financiera, placed the amount of 61.2 million soles (approximately MXN 339.5 million) through the public issuance of Certificates of Deposit, with a 1-year term and 6.0625%**
- **S&P Global confirmed the ratings for issuance PLANRIO 05-2U at 'mxB+' with a Stable outlook following the fast recovery in traffic and revenue of the highway Libramiento Plan del Rio in 2021**

## 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, Yazmin 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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	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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