

Financial Markets Daily

March 24, 2022

Main drivers for the financial markets today...

- **Stock markets with small changes, S&P Futures up, USD and government bond yields up with investors assessing the risks of rising inflation and growing concerns about the impact of the war in Ukraine on the global economy, as well as awaiting the announcement of new sanctions on Russia**
- **Markets will focus on NATO meeting and comments from Fed speakers Bostic, Daly, Evans, Kashkari and Waller looking for signs of the magnitude of the rate hike in the next meetings**
- **In Mexico, attention on Banxico's monetary policy decision, in which we anticipate an increase of 50bp**
- **Regarding economic figures, INEGI published 1H-March's inflation at 0.48% 2w/2w, surprising lower. The core came in at 0.35% 2w/2w, also below expectations. With these results, annual inflation came in at 7.29% (previous: 7.34%), with the core at 6.68% (previous: 6.67%). INEGI also released January's retail sales, up 0.6% m/m (6.7% y/y). Inside, we highlight mixed performance, albeit with relevant increases in healthcare products (7.1% m/m)**

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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>Mexico</i>					
8:00	Consumer prices - Mar 15	% m/m	0.59	0.52	0.42
8:00	Core - Mar 15	% m/m	0.41	0.41	0.32
8:00	Consumer prices - Mar 15	% y/y	7.40	7.33	7.34
8:00	Core - Mar 15	% y/y	6.74	6.73	6.67
8:00	Retail sales - Jan	% y/y	5.8	6.1	4.9
8:00	Retail sales* - Jan	% m/m	0.3	0.3	-0.4
15:00	Monetary policy decision (Banxico)	%	6.50	6.50	6.00
<i>United States</i>					
8:30	Initial jobless claims* - Mar 19	thousands	210	211	214
8:30	Durable goods orders* - Feb (P)	% m/m	--	-0.6	1.6
8:30	Ex transportation* - Feb (P)	% m/m	--	0.5	0.7
8:30	Fed's Kashkari discusses the economic outlook				
9:10	Fed's Waller discusses the US housing market				
9:45	Manufacturing PMI (Markit)* - Mar (P)	index	56.0	56.5	57.3
9:45	Services PMI (Markit)* - Mar (P)	index	--	56.0	56.5
9:50	Fed's Evans discusses economy and policy outlook				
11:00	Fed's Bostic takes part in moderated Q&A				
23:59	Daly speaks at San Francisco Fed conference				

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	4,468.75	0.5%
Euro Stoxx 50	3,860.69	-0.2%
Nikkei 225	28,110.39	0.3%
Shanghai Composite	3,250.26	-0.6%
<i>Currencies</i>		
USD/MXN	20.19	-0.2%
EUR/USD	1.10	-0.2%
DXY	98.81	0.2%
<i>Commodities</i>		
WTI	114.74	-0.2%
Brent	121.54	0.0%
Gold	1,947.27	0.2%
Copper	478.05	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	2.36	7pb

Source: Bloomberg

Equities

- **Stock markets mixed, reflecting caution among investors, who continue to weigh the risks related to a lower global economic dynamism in the face of higher interest rates, inflationary pressures and the impact of the war in Ukraine**
- **Futures in the US anticipate a positive opening with the S&P500 trading 0.5% above its theoretical value, following declines seen in the previous session. In turn, Europe shows little change, with the energy sector showing the major gains and the financial sector the largest losses. Asia closed mixed, highlighting the falls of Hang Seng with 0.9% and Shanghai with 0.6%. Meanwhile, Russia's Moex rose 4.4%, resuming trading after nearly a month closed, although it maintains four-hour restrictions and movements in 33 out of 50 equities listed on the index**
- **In Mexico, the Mexbol index may stay above 55,300pts, following international peer's behavior**

Sovereign fixed income, currencies and commodities

- **Negative performance in government bonds, with European assets adjusting +5bps, on average, while the US Treasury yield curve loses up to 8bps. Yesterday, the Mbonos' curve closed with 3bps pressures in the short- and mid-end and 6bps gains in long-term tenors**
- **The dollar trades with moderate gains (DXY +0.1%) while developed and emerging currencies post mixed performance. In the former group, NOK (+1.0%) and JPY (-0.4%) are at the ends. In emerging markets, CLP (+0.5%) leads the gains and RUB (-0.6%) is the weakest, while the Mexican peso appreciates 0.2% to 20.18 per dollar**
- **Crude-oil prices trade with moderate declines (-0.2%) awaiting new sanctions on Russia. In metals, gold advances 0.5% to 1,954 \$/oz t and industrials print gains**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,358.50	-1.3%
S&P 500	4,456.24	-1.2%
Nasdaq	13,922.60	-1.3%
IPC	55,154.68	-1.0%
Ibovespa	117,457.34	0.2%
Euro Stoxx 50	3,869.22	-1.4%
FTSE 100	7,460.63	-0.2%
CAC 40	6,581.43	-1.2%
DAX	14,283.65	-1.3%
Nikkei 225	28,040.16	3.0%
Hang Seng	22,154.08	1.2%
Shanghai Composite	3,271.03	0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	2.10	-7pb
10-year Treasuries	2.29	-9pb
28-day Cetes	6.54	4pb
28-day TIE	6.28	1pb
2-year Mbono	8.46	1pb
10-year Mbono	8.41	-5pb
<i>Currencies</i>		
USD/MXN	20.22	-0.3%
EUR/USD	1.10	-0.2%
GBP/USD	1.32	-0.4%
DXY	98.62	0.1%
<i>Commodities</i>		
WTI	114.93	2.8%
Brent	121.60	5.3%
Mexican mix	111.94	4.6%
Gold	1,943.86	1.2%
Copper	477.65	1.6%

Source: Bloomberg

Corporate Debt

- **S&P Global Ratings affirmed DOIXCB 15 / 15U (Desarrolladora y Operadora de Infraestructura de Oaxaca FF) ratings at 'mxCCC-' on the Special CreditWatch listing with negative implications. According to the agency, although the recent signing of the Agreement to Modify the Contract for the Provision of Services of the CFRS Oaxaca prison, in which a 15% decrease in availability payments was agreed, could improve the credit quality of the project, this continues to present strong liquidity pressures in the short term**
- **CI Banco (Common Rep.) informed the notice of a partial early mandatory amortization of the PAMMCB 14U issuance for MXN 259.2 million on March 31**

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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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