

# Financial Markets Daily

March 25, 2022

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

- **Stock markets higher, government bond yields to the downside and USD up, with investors weighing risks from a more restrictive stance by the Fed and the lingering war in Ukraine. Moreover, more sanctions were imposed to Russia and a deal was struck on LNG supply between the US and EU to cut dependence on Russia**
- **Investors watching US data, including March's final U. of Michigan confidence and February's pending home sales, as well as speeches from Waller, Williams, and Barkin of the Fed. In addition, the emergency meeting of NATO leaders continues today. In Mexico, it is the second day of activities in the Banking Convention**
- **Europe would obtain from the US at least 15 billion cubic meters of liquified natural gas by the end of the year and work will begin to ensure that the region demands 50 billion cubic meters more by 2030. Although positive, these amounts are relatively modest when compared to the imports that the region currently makes from Russia**
- **In Germany, business expectations according to the IFO indicator fell to its worst level since the first months of the pandemic, impacted by the conflict in Ukraine and surging energy prices**
- **Mexico's GDP monthly-proxy IGAE grew 0.4% m/m in January, in line with market expectations. By sector, industry picked up 1.0% and services advanced 0.2%. In contrast, primary activities fell 2.3%**

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

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	EZ Monetary aggregates (M3)* - Feb	% y/y	--	6.3	6.4
5:00	GER IFO Survey (business climate)* - Mar	index	--	94.2	98.9
<i>Brazil</i>					
8:00	Consumer prices - Mar	% m/m	--	0.85	0.99
8:00	Consumer prices - Mar	% y/y	--	10.68	10.76
<i>Mexico</i>					
8:00	Global economic activity indicator (IGAE) - Jan	% y/y	1.9	1.7	1.3
8:00	Global economic activity indicator (IGAE)* - Jan	% m/m	0.4	0.4	0.8
<i>United States</i>					
9:10	Fed's Waller discusses central bank digital currencies				
10:00	U. of Michigan Confidence* - Mar (F)	index	59.7	59.7	59.7
10:00	Fed's Williams Discusses Monetary Policy, Financial...				
10:30	Fed's Barkin Discusses containing inflation				

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	4,528.50	0.4%
Euro Stoxx 50	3,900.54	1.0%
Nikkei 225	28,149.84	0.1%
Shanghai Composite	3,212.24	-1.2%
<i>Currencies</i>		
USD/MXN	20.02	-0.4%
EUR/USD	1.10	0.2%
DX	98.61	-0.2%
<i>Commodities</i>		
WTI	109.00	-3.0%
Brent	115.45	-3.0%
Gold	1,957.03	0.0%
Copper	472.90	0.0%
<i>Sovereign bonds</i>		
10-year Treasury	2.36	-1pb

Source: Bloomberg

## Equities

- We conclude the week with almost widespread gains in main stock indices, while attention continues on the war conflict in Ukraine, and while investors continue to assess the impact on inflation and growth, in the face of a more restrictive stance from the Fed
- Futures in the US anticipate a positive opening, with the S&P500 trading 0.4% above its theoretical value. Europe trades with 0.6% average gains, while the technology and real estate sectors lead the advance and offsetting losses in energy stocks, after the deal between the US and the EU on natural gas supply. In Asia we observed mixed closes, highlighting the Hang Seng's 2.5% drop
- In Mexico, the Mexbol Index reached a new all-time high at 55,829.9pts, while we expect it may continue consolidating. In corporate news, GAP confirmed a favorable 2022 outlook in its Investor Day

## Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds, with European assets adjusting up to -3bps. Meanwhile, the slope of Treasuries flattened with 1bp pressures on the short-end and 2bps gains in long-term securities. Yesterday, Mbonos' curve lost 7bps on average
- The dollar weakens (DXY -0.2%) with the G-10 currencies advancing, while JPY (+0.6%) leads the gains. In emerging markets, positive bias prevails, RUB (+3.6%) is the strongest and ZAR (-0.4%) is at the opposite end. MXN extends the gains of the previous days, trading at 20.05 per dollar, representing an appreciation of 0.2%
- Crude oil prices fall 2.7% on average as the EU refrained from banning imports from Russia while Kazakhstan said that disruptions at a key export terminal will ease. In metals the bias is negative

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,707.94	1.0%
S&P 500	4,520.16	1.4%
Nasdaq	14,191.84	1.9%
IPC	55,829.86	1.2%
Ibovespa	119,052.91	1.4%
Euro Stoxx 50	3,863.39	-0.2%
FTSE 100	7,467.38	0.1%
CAC 40	6,555.77	-0.4%
DAX	14,273.79	-0.1%
Nikkei 225	28,110.39	0.3%
Hang Seng	21,945.95	-0.9%
Shanghai Composite	3,250.26	-0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	2.14	4pb
10-year Treasuries	2.37	8pb
28-day Cetes	6.55	1pb
28-day TIIE	6.29	1pb
2-year Mbono	8.47	1pb
10-year Mbono	8.49	8pb
<i>Currencies</i>		
USD/MXN	20.09	-0.7%
EUR/USD	1.10	-0.1%
GBP/USD	1.32	-0.1%
DXY	98.79	0.2%
<i>Commodities</i>		
WTI	112.34	-2.3%
Brent	119.03	-2.1%
Mexican mix	110.34	-1.4%
Gold	1,957.69	0.7%
Copper	474.25	-0.7%

Source: Bloomberg

## Corporate Debt

- Fitch Ratings ratified Grupo Elektra's rating at 'A+(mex)' with a stable outlook and at 'F1+(mex)' for the ST. According to the agency, Elektra's ratings are based on its long history and market position in the commercial business, being one of the main department chains in Mexico
- Fitch Ratings ratified the international rating of Molibdenos y Metales at 'BBB' with a stable outlook. According to the agency, the ratings and outlook reflect the company's good operating results, significant global market share and historically low net leverage ratios. Fitch projects that net leverage will remain elevated temporarily and reach 2.3x to fall below 1.0x over the rating horizon

## 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, 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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	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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