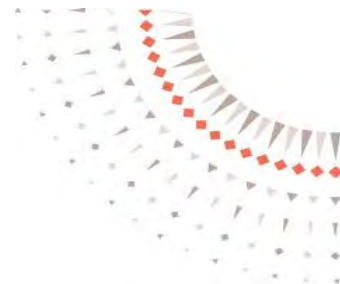


# Financial Markets Daily



March 28, 2022

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

- **Stock markets mixed, government bond yields and USD higher, with caution on risks of more disruptions to trade because of the war in Ukraine and renewed COVID-19 lockdowns, which in turn may affect global inflation and monetary policy**
- **Market focus will remain on Russia and Ukraine, highlighting a virtual summit between Europe and China about the conflict which Xi Jinping will attend. In economic data, nonfarm payrolls (Mar) in the US in an environment with a tight labor market and inflationary pressures**
- **In monetary policy, decisions in Chile, Thailand and Colombia. Several speeches from Fed members, with more of them (including Powell) recently suggesting the possibility of 50bps rate hikes**
- **Going to the political agenda, among the most relevant events we highlight the 2023 Budget proposal from president Biden, as well as the meeting between OPEC and its allies to decide about crude oil production levels**
- **In economic figures, the US will also publish housing prices (Jan), trade balance, personal income and spending, PCE deflator (Feb), consumer confidence, ADP employment, ISM manufacturing, vehicle sales (Mar) and final 4Q21 GDP**
- **Going to other regions, the Eurozone will release the unemployment rate (Feb), confidence indicators and inflation (Mar); PMIs in China (Mar); lastly, in Brazil the unemployment rate, industrial production (Feb) and PMI manufacturing (Mar)**
- **In Mexico, February's trade balance showed a US\$1,293 million surplus. We will watch closely for the release of the *Preliminary Economic Policy Criteria* for 2023. Also, data includes remittances, unemployment rate, public finance report, credit (Feb), IMEF indicators (Mar) and the private sector expectations survey from Banxico**

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Winners of the award for best economic  
forecasters for Mexico in 2021, granted by  
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## A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,546.50	0.2%
Euro Stoxx 50	3,940.99	1.9%
Nikkei 225	27,943.89	-0.7%
Shanghai Composite	3,214.50	0.1%
<i>Currencies</i>		
USD/MXN	20.04	0.0%
EUR/USD	1.10	-0.2%
DXY	99.24	0.5%
<i>Commodities</i>		
WTI	107.29	-5.8%
Brent	114.04	-5.5%
Gold	1,929.83	-1.5%
Copper	463.30	-1.1%
<i>Sovereign bonds</i>		
10-year Treasury	2.47	-1pb

Source: Bloomberg

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
8:00	Trade balance - Feb	US\$m	701.6	-219.0	-6,286.3
<i>United States</i>					
8:30	Trade balance* - Feb	US\$bn	--	-106.6	-107.6

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data. \* Seasonally adjusted, \*\* Seasonally adjusted annualized rate.

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### Equities

- The week starts with mixed changes in stock markets as investors continue to assess the possible impact of the conflict in Ukraine on growth and inflation, a more restrictive scenario by the Fed, and the rise in infections in China
- Futures in the US anticipate a slightly higher opening, with the S&P500 trading 0.2% above its theoretical value. However, energy stocks slid, impacted by the decline in oil prices
- Asia closed mixed, highlighting gains in the Hang Seng of 1.3%, and contrasting with the decline 0.7% drop of the Nikkei. In China, the Shanghai Composite achieved a marginal rise of 0.1%, even though most sectors fell after growing concerns on the virus and possible disruptions in operations. Europe is trading on widespread gains, with the Eurostoxx up 1.9% on dip-buying. In Mexico, we expect the Mexbol index to continue consolidating near 55,500pts

### Sovereign fixed income, currencies and commodities

- Mixed balance on sovereign rates. European rates adjust +/-2bps, while US Treasuries show a flattening bias with the long-end gaining 1bp. In Mexico, the Mbonos' yield curve closed last week with a negative balance of 34bps, on average
- Dollar strengthens against all G10 currencies, especially against JPY (-1.4%). In EM, the bias is also negative except for RUB (+3.9%), while PLN (-0.9%) records the biggest losses. Meanwhile, USD/MXN trades at 20.04 (unchanged), after a weekly appreciation of 1.6%
- Crude-oil falls due to a strong virus resurgence in China raising concerns about the impact on demand and economic activity. In metals, performance is negative, with nickel adjusting -4.3% and gold trading at 1,930 \$/oz t (-1.5%)

### Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,861.24	0.4%
S&P 500	4,543.06	0.5%
Nasdaq	14,169.30	-0.2%
IPC	55,436.05	-0.7%
Ibovespa	119,081.13	0.0%
Euro Stoxx 50	3,867.73	0.1%
FTSE 100	7,483.35	0.2%
CAC 40	6,553.68	0.0%
DAX	14,305.76	0.2%
Nikkei 225	28,149.84	0.1%
Hang Seng	21,404.88	-2.5%
Shanghai Composite	3,212.24	-1.2%
<i>Sovereign bonds</i>		
2-year Treasuries	2.27	13pb
10-year Treasuries	2.47	10pb
28-day Cetes	6.55	0pb
28-day TIE	6.72	43pb
2-year Mbono	8.52	6pb
10-year Mbono	8.58	9pb
<i>Currencies</i>		
USD/MXN	20.03	-0.3%
EUR/USD	1.10	-0.1%
GBP/USD	1.32	0.0%
DX	98.79	0.0%
<i>Commodities</i>		
WTI	113.90	1.4%
Brent	120.65	1.4%
Mexican mix	110.95	0.6%
Gold	1,958.29	0.0%
Copper	469.85	-0.9%

Source: Bloomberg

### Corporate Debt

- In the last week of March, we expect activity to continue with two sustainability-linked bonds by OMA, as well as the reopening of two bonds by Engen Capital. However, the latter will be reflected in April due to the settlement date (T+2)
- Therefore, March could close with an amount issued of up to MXN 22 billion, equivalent to 2.34x of what was placed in the same month of 2021 and the highest since last October
- CIBanco (Common Rep.) informed that the Trustor intends to carry out the total Early Amortization of CASC B 11U (FF of Concesionaria de Autopistas del Sureste) on April 1, 2022

## 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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	Reference
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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