

Financial Markets Daily

March 29, 2022

Main drivers for the financial markets today...

- **Stock markets higher –including S&P500 futures–, government bond yields positive and USD weakening given greater optimism from investors surrounding the conflict in Ukraine, while assimilating the surge in cases in China and a more hawkish stance from the Fed**
- **Negotiations on a cease fire between Russia and Ukraine continue, this in a context in which Russian gains have stopped and even having to retreat in some cities. Meanwhile, Russia mentioned that it will decrease attacks on Kyiv as part of the negotiations. In addition, and despite of the sanctions, Russia fulfilled interest payments on a bond maturing on 2035**
- **Regarding the virus, lockdowns extended to the east of Shanghai given additional contagions, which could signal that the city’s closure may last for longer than expected. In the US cases remain low, allowing for a larger return to in-person work**
- **On economic data, in the US we will be looking into March’s consumer confidence, expecting a slight decline, and January’s house prices. On monetary policy, we will have comments from Williams and Harker, both with a vote in the FOMC this year, and also from Bostic. Furthermore, we will have the monetary policy decision from the Central Bank of Chile, with consensus forecasting a 175bps hike to 7.25%. On another note, the BoJ has carried out operations to limit the increase in government bond yields, this in a context in which the JPY has depreciated strongly**

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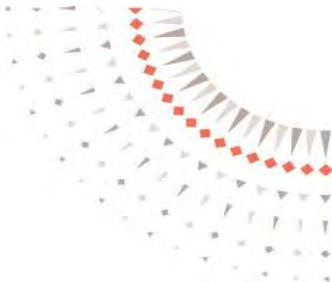
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The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|----------------------|--|--------|---------|--------|----------|
| <i>United States</i> | | | | | |
| 9:00 | S&P/CoreLogic housing prices - Jan | % y/y | -- | -- | 18.6 |
| 10:00 | Consumer confidence* - Mar | index | 107.0 | 107.6 | 110.5 |
| 10:45 | Fed's Harker Discusses Economic Outlook | | | | |
| 21:30 | Fed's Bostic Discusses Economic Leadership | | | | |
| <i>Mexico</i> | | | | | |
| 11:00 | International reserves - Mar 25 | US\$bn | -- | -- | 201.0 |
| 13:30 | Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'27); 30-year Udibono (Nov'50) and 1-, 2-, 3-, 5-, and 7-year Bondes F | | | | |
| <i>Chile</i> | | | | | |
| 17:00 | Monetary policy decision (BCCh) | % | -- | 7.25 | 5.50 |

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 | 4,605.75 | 0.8% |
| Euro Stoxx 50 | 4,019.60 | 3.4% |
| Nikkei 225 | 28,252.42 | 1.1% |
| Shanghai Composite | 3,203.94 | -0.3% |
| <i>Currencies</i> | | |
| USD/MXN | 19.94 | -0.9% |
| EUR/USD | 1.11 | 1.3% |
| DEX | 98.20 | -0.9% |
| <i>Commodities</i> | | |
| WTI | 99.54 | -6.1% |
| Brent | 105.72 | -6.0% |
| Gold | 1,891.52 | -1.6% |
| Copper | 471.40 | 0.0% |
| <i>Sovereign bonds</i> | | |
| 10-year Treasury | 2.46 | 0pb |

Source: Bloomberg

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Equities

- **Positive movements in equity markets as investors react favorably to what looks like some progress in cease-fire talks between Russia and Ukraine**
- **In Asia, although most markets closed positive, concerns remained about the impact of China's mobility restrictions due to the rebound in coronavirus cases. In Europe stocks advance, the Euro Stoxx adds 3.4%. Shares from consumer discretionary, financial, and industrial sectors lead gains. In turn, in the US the futures of main indices point to a positive open by rising 0.9% on average**
- **In Mexico, the Mexbol may exceed 56,000 pts, which would represent a new record high**

Sovereign fixed income, currencies and commodities

- **Pressures in sovereign rates, with European assets adjusting +7bps, on average, while the US Treasuries print a flattening bias with a 4bps sell-off at the short-end. In local terms, the Mbonos' curve closed yesterday with a 8bps rally in long-term securities**
- **The dollar weakens against all G10 currencies with SEK (+2.1%) leading gains. In the EM group, the bias is positive with RUB (+12.5%) overperforming followed by HUF (+2.5%). Moreover, USD/MXN trades at 19.94 per dollar (+0.9%), after a 0.4% depreciation yesterday**
- **Crude-oil falls sharply after Moscow said it would cut military operations near the Ukrainian capital of Kyiv. In this context, WTI trades below 100 \$/bbl. The balance in metals is negative with precious printing the biggest losses due to a greater risk appetite**

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| <i>Equity indices</i> | | |
| Dow Jones | 34,955.89 | 0.3% |
| S&P 500 | 4,575.52 | 0.7% |
| Nasdaq | 14,354.90 | 1.3% |
| IPC | 55,685.14 | 0.4% |
| Ibovespa | 118,737.78 | -0.3% |
| Euro Stoxx 50 | 3,887.10 | 0.5% |
| FTSE 100 | 7,473.14 | -0.1% |
| CAC 40 | 6,589.11 | 0.5% |
| DAX | 14,417.37 | 0.8% |
| Nikkei 225 | 27,943.89 | -0.7% |
| Hang Seng | 21,684.97 | 1.3% |
| Shanghai Composite | 3,214.50 | 0.1% |
| <i>Sovereign bonds</i> | | |
| 2-year Treasuries | 2.33 | 6pb |
| 10-year Treasuries | 2.46 | -1pb |
| 28-day Cetes | 6.54 | -1pb |
| 28-day TIE | 6.72 | 1pb |
| 2-year Mbono | 8.54 | 2pb |
| 10-year Mbono | 8.54 | -4pb |
| <i>Currencies</i> | | |
| USD/MXN | 20.12 | 0.4% |
| EUR/USD | 1.10 | 0.0% |
| GBP/USD | 1.31 | -0.7% |
| DXY | 99.09 | 0.3% |
| <i>Commodities</i> | | |
| WTI | 105.96 | -7.0% |
| Brent | 112.48 | -6.8% |
| Mexican mix | 103.04 | -7.1% |
| Gold | 1,922.80 | -1.8% |
| Copper | 472.55 | 0.6% |

Source: Bloomberg

Corporate Debt

- **Today we expect the auction of two sustainability-linked bonds by Grupo Aeroportuario del Centro Norte, OMA 22L / 22-2L, for an amount of up to MXN 4.0 billion, with 4 and 7-year terms. The assigned ratings were ‘AAA’ by Moody’s and Fitch Ratings**
- **CEMEX announced a tender offer for its 5.200% senior notes due 2030, its 5.450% notes due 2029, and its 3.875% notes due 2031, that will expire on April 25, 2022**
- **HR Ratings affirmed Grupo Vasconia’s ratings at ‘HR A’ and changed the outlook to Stable from Negative based mainly on the projection of the refinancing of MXN 800 million, that accounts for its short- and medium-term debt**

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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|-------------|--|
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| 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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