

# Financial Markets Daily

March 30, 2022

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

- **Negative stock markets, positive government bond yields and USD down on renewed concerns over rising oil prices and skepticism over Russia's scaling back of military operations in Ukraine, as the Kremlin said there is no breakthrough in negotiations**
- **Regarding economic figures, in the US the ADP private employment report was published posting a 455k jobs creation in March, close to the consensus estimate of 450k and slightly below the 475k jobs of the previous month. The final GDP for 4Q21 will also be released later. We estimate it will show a 7.0% saar advance, the same as in the revised figure. In terms of interventions by Fed members we highlight Barkin and George**
- **In other regions, markets digest a sharp drop in consumer confidence in the Eurozone to its lowest level since the early months of the pandemic, due to the impact of the war on energy prices and the implications for inflation**
- **In Mexico, INEGI also released February's employment report. The unemployment rate rose to 3.74%, with 524.7 thousand new jobs. With seasonally adjusted figures we also saw an uptick to 3.75% (+12bps)**

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



**STARMINE AWARDS  
FOR REUTERS POLLS  
FROM REFINITIV**



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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Unemployment rate - Feb	%	3.43	3.55	3.71
16:30	Public finances (PSBR, year-to-date) - Feb	MXNmn	--	--	-64.5
United States					
8:15	ADP employment* - Mar	thousands	480	450	475
8:30	US Gross domestic product** - 4Q21	% q/q	7.0	7.0	7.0
8:30	Personal consumption** - 4Q21	% q/q	3.1	3.1	3.1
9:15	Fed's Barkin Speaks at Rural Economy Event				
China					
21:30	Manufacturing PMI* - Mar	index	--	50.0	50.2
21:30	Non-manufacturing PMI* - Mar	index	--	50.6	51.6
21:30	Composite PMI* - Mar	index	--	--	51.2

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	4,614.25	-0.2%
Euro Stoxx 50	3,960.65	-1.0%
Nikkei 225	28,027.25	-0.8%
Shanghai Composite	3,266.60	2.0%
<i>Currencies</i>		
USD/MXN	19.91	-0.4%
EUR/USD	1.11	0.4%
DX	97.97	-0.4%
<i>Commodities</i>		
WTI	107.09	2.7%
Brent	112.74	2.3%
Gold	1,924.05	0.2%
Copper	477.35	1.2%
<i>Sovereign bonds</i>		
10-year Treasury	2.41	1pb

Source: Bloomberg

## Equities

- **Stock markets negative, as caution among investors continue to weigh the risks derived from the impact of the war in Ukraine, after peace talks didn't make any progress. In addition, concerns of higher inflation and interest rate hikes that impact global economic growth continues**
- **Futures in the US anticipate a negative opening with the S&P500 trading 0.4% below its theoretical value. In the same sense, Europe trades with losses, of 0.7% on average, with the industrial sector showing the major corrections. In Asia, the rise in China's indices stands out, with the Shanghai composite surging 2.0%, and despite declines in live streaming platforms after government agencies signaled that they would take action against any tax-related crime in the sector**
- **In Mexico, the Mexbol Index may decline towards 55,800pts, after the record highs reached yesterday**

## Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds, with European assets adjusting up to +7bps while US Treasuries register a steepening, with the short-end gaining 3bps and long-term tenors adjust +1bp. Yesterday, the Mbonos' curve posted gains of 11bps on average with the 10-year benchmark closing at 8.37% (-16bps)**
- **The dollar weakens (DXY -0.5%) as G-10 currencies trade in positive territory with JPY (+0.9%) the strongest. Positive bias also dominates in the EM group where RUB (+4.7%) leads gains. The Mexican peso extends the rally by trading at 19.93 representing a gain of 0.2%**
- **Crude oil prices advance 2.1% as optimism over Ukraine peace talks fades. In metals, gold rises 0.2% while most industrials print gains**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	35,294.19	1.0%
S&P 500	4,631.60	1.2%
Nasdaq	14,619.64	1.8%
IPC	56,111.21	0.8%
Ibovespa	120,014.17	1.1%
Euro Stoxx 50	4,002.18	3.0%
FTSE 100	7,537.25	0.9%
CAC 40	6,792.16	3.1%
DAX	14,820.33	2.8%
Nikkei 225	28,252.42	1.1%
Hang Seng	21,927.63	1.1%
Shanghai Composite	3,203.94	-0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	2.36	4pb
10-year Treasuries	2.39	-6pb
28-day Cetes	6.52	-2pb
28-day TIE	6.73	0pb
2-year Mbono	8.46	-8pb
10-year Mbono	8.41	-13pb
<i>Currencies</i>		
USD/MXN	19.98	-0.7%
EUR/USD	1.11	0.9%
GBP/USD	1.31	0.0%
DXY	98.40	-0.7%
<i>Commodities</i>		
WTI	104.24	-1.6%
Brent	110.23	-2.0%
Mexican mix	100.99	-2.0%
Gold	1,919.43	-0.2%
Copper	473.10	0.1%

Source: Bloomberg

## Corporate Debt

- **Today we expect the tap issue of two ABS from Engen Capital, ENCAPCB 21 / 21-2, backed by leasing and credit contracts, for a target amount of MXN 1.0 billion and up to MXN 2.0 billion. The issuances have a remaining term of 5.2 years and the assigned ratings were 'AAA(mex)' by Fitch Ratings and 'HR AAA' by HR Ratings**
- **IEnova informed that it signed a credit contract with a 1-year term with its holding company Sempra Infrastructure Partners, LP for up to US\$200 million**
- **HR Ratings affirmed the ratings for Montepío Luz Saviñón's short-term placement program at 'HR1' based on the constancy shown in the generation of integral remnants**

## 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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