

Financial Markets Daily

April 1, 2022

Main drivers for the financial markets today...

- **Stock markets and government bond yields higher while the USD is mixed, maintaining these dynamics after the employment report in the US, which was slightly below expectations. Focus also on the virtual meeting between Xi Jinping and European leaders, digesting the highest inflation ever in the Eurozone**
- **Investors also watching the ISM manufacturing and vehicle sales in the US. The Fed's Evans will speak about the economy and monetary policy. In Mexico, releases include Banxico's survey, family remittances (Feb) and IMEF indicators (Mar). Lastly, the MoF will publish the Preliminary Economic Policy Criteria for FY2023**
- **March's inflation in the Eurozone reached a new historical high of 7.5% y/y, impacted by the war in Ukraine and its effect on energy prices, among others. In this backdrop, the ECB's Chief Economist, Philip Lane, said that the central bank would need to reassess its plan to withdraw stimulus if the worsening economic outlook affects price prospects**
- **The US government criticized China for intensifying the crackdown against democracy advocates in Hong Kong, a situation the latter country rejected. This happens in an environment of increased tensions because of the potential role that China may plan in the war in Ukraine**

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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> | | | | | |
| | Deadline for the presentation of the 2023 Preliminary Economic Policy Criteria by the MoF | | | | |
| 11:00 | Family remittances - Feb | US\$m | 3919.1 | 3919.1 | 3930.8 |
| 11:00 | Survey of expectations (Banxico) | | | | |
| 14:00 | PMI manufacturing (IMEF)* - Mar | index | 51.3 | -- | 50.9 |
| 14:00 | PMI non-manufacturing (IMEF)* - Mar | index | 49.9 | -- | 50.5 |
| <i>Eurozone</i> | | | | | |
| 5:00 | Consumer prices - Mar (P) | % y/y | -- | 6.7 | 5.8 |
| 5:00 | Core - Mar (P) | % y/y | -- | 3.1 | 2.7 |
| <i>Brazil</i> | | | | | |
| 8:00 | Industrial production* - Feb | % m/m | -- | 0.6 | -2.4 |
| <i>United States</i> | | | | | |
| 8:30 | Nonfarm payrolls* - Mar | thousands | 480 | 450 | 678 |
| 8:30 | Unemployment rate* - Mar | % | 3.7 | 3.7 | 3.8 |
| 10:00 | ISM manufacturing* - Mar | index | 58.6 | 59.0 | 58.6 |
| | Total vehicle sales** - Mar | thousands | -- | 13.9 | 14.1 |

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 | 4,553.00 | 0.5% |
| Euro Stoxx 50 | 3,926.10 | 0.6% |
| Nikkei 225 | 27,665.98 | -0.6% |
| Shanghai Composite | 3,282.72 | 0.9% |
| <i>Currencies</i> | | |
| USD/MXN | 19.83 | -0.2% |
| EUR/USD | 1.11 | -0.1% |
| DX | 98.48 | 0.2% |
| <i>Commodities</i> | | |
| WTI | 99.18 | -1.1% |
| Brent | 103.90 | -3.7% |
| Gold | 1,928.01 | -0.5% |
| Copper | 468.00 | -1.5% |
| <i>Sovereign bonds</i> | | |
| 10-year Treasury | 2.40 | 6pb |

Source: Bloomberg

Equities

- April begins with positive movements in the stock markets, after the adjustments of previous days, while attention is on employment data that has just been released in the US, and with investors who continue to be cautious about the impact that more aggressive interest rate hikes could have on growth
- Futures in the US anticipate a positive opening, with the S&P500 trading 0.5% above its theoretical value, while Europe trades with widespread gains. Asia closed mixed, the rise in China's indices stands out, supported mainly by technology stocks, after the Asian country announced that it will make concessions that may safeguard US listings
- In Mexico, the Mexbol Index reached a new all-time high at 56,537pts, given attractive valuation levels vs its peers, although we do not rule out natural adjustments that may pull it back below 56,000pts

Sovereign fixed income, currencies and commodities

- Negative performance in sovereign bonds, with European assets adjusting +4bps while the US Treasury curve posted losses of 5bps on average and the 10-year benchmark trades at 2.40% (+6bps). Yesterday, the Mbonos' curve posted gains of 6bps on average and the Mbono May'31 closed at 8.24% (-7bps)
- The dollar strengthens with DXY advancing 0.2% amid mixed performance in G-10 and emerging market currencies. In the former group, trading is capped by NOK (+0.5%) and JPY (-0.7%), while in the latter BRL (+0.3%) leads gains and RUB(-1.8%) is at the opposite end of the spectrum. The Mexican peso appreciates 0.3% to 19.80 per dollar
- Crude oil prices fall 1.1% on expectations of higher supply due to the release of strategic reserves from the US and other countries. In metals, gold falls 0.4% and industrial metals print a mixed performance

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| <i>Equity indices</i> | | |
| Dow Jones | 34,678.35 | -1.6% |
| S&P 500 | 4,530.41 | -1.6% |
| Nasdaq | 14,220.52 | -1.5% |
| IPC | 56,536.68 | 1.3% |
| Ibovespa | 119,999.23 | -0.2% |
| Euro Stoxx 50 | 3,902.52 | -1.4% |
| FTSE 100 | 7,515.68 | -0.8% |
| CAC 40 | 6,659.87 | -1.2% |
| DAX | 14,414.75 | -1.3% |
| Nikkei 225 | 27,821.43 | -0.7% |
| Hang Seng | 21,996.85 | -1.1% |
| Shanghai Composite | 3,252.20 | -0.4% |
| <i>Sovereign bonds</i> | | |
| 2-year Treasuries | 2.33 | 3pb |
| 10-year Treasuries | 2.34 | -1pb |
| 28-day Cetes | 6.47 | 2pb |
| 28-day TIIE | 6.72 | 0pb |
| 2-year Mbono | 8.31 | -4pb |
| 10-year Mbono | 8.27 | -5pb |
| <i>Currencies</i> | | |
| USD/MXN | 19.87 | 0.0% |
| EUR/USD | 1.11 | -0.8% |
| GBP/USD | 1.31 | 0.0% |
| DXY | 98.31 | 0.5% |
| <i>Commodities</i> | | |
| WTI | 100.28 | -7.0% |
| Brent | 107.91 | -4.9% |
| Mexican mix | 98.00 | -5.8% |
| Gold | 1,937.44 | 0.2% |
| Copper | 475.10 | 0.0% |

Source: Bloomberg

Corporate Debt

- Fitch Ratings placed the ratings of issuance APPCVCB 17 (Coatzacoalcos-Villahermosa Highway's Future Flow) in Negative Watch, reflecting the possibility that the issuance's credit profile declines because of changes in the terms of the Service Contract
- HR Ratings affirmed the ratings for issuances CAMSCB 13U / 19U at 'HR AAA (E)' with Stable outlook, based on the stress level the payment source (Monterrey-Salttillo Highway) can withstand
- Fitch Ratings affirmed Minera Frisco's long-term rating at 'A-(mex)' with Stable outlook, and its short-term rating at 'F2(mex)'. The ratings consider the support from its controlling shareholders that gives it financial flexibility through a strong capital structure and a lower financial burden

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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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| 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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