

# Financial Markets Daily

April 4, 2022

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

- Stock markets biased higher on positive corporate news and China's gains supported by better regulatory prospects. Government bond yields and USD are mixed, still cautious ahead of Ukraine and Russia negotiations but with a possible increase in sanctions to the latter, as well as upcoming rate hikes by the Fed
- On COVID-19, lockdowns in China intensified during the weekend due to a strong uptick in new infections, with all the population in Shanghai under some form of restriction, new business disruptions, and concerns about the possible emergence of new variants
- Market focus will remain on the evolution and effects of the war between Russia and Ukraine. Nevertheless, it will also be very important the release of the minutes from the Fed –along a series of speeches by its members–, ECB, Banxico, and Colombia. In addition, monetary policy decisions in Australia, Poland, Peru, and India. On related data, March consumer prices in México and Brazil
- The political agenda is limited, noting only the possible confirmation of Ketanji Brown Jackson as Supreme Court Justice in the US
- In economic figures, the US will also publish factory orders, trade balance, consumer credit (Feb) and ISM services (Mar). Going to other regions, PMIs Caixin (Mar); retail sales in the Eurozone and industrial production in Germany (Feb)
- In Mexico, March's consumer confidence went from 43.5pts in February to 43.9pts, highlighting the increase in the components about current household conditions and purchasing power. Releases include gross fixed investment and private consumption (Jan), wage negotiations (Mar) and banking sector survey

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Germany</b>					
2:00	Trade balance - Feb	EURbn	--	10.1	3.3
<b>Mexico</b>					
7:00	Consumer confidence* - Mar	index	43.1	43.8	43.4
<b>United States</b>					
10:00	Factory orders* - Feb	% m/m	--	-0.6	1.4
10:00	Ex transportation* - Feb	% m/m	--	0.3	1.0
10:00	Durable goods orders* - Feb (F)	% m/m	--	-2.2	-2.2
10:00	Ex transportation* - Feb (F)	% m/m	--	-0.6	-0.6

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

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



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## A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	4,543.50	0.1%
Euro Stoxx 50	3,925.55	0.2%
Nikkei 225	27,736.47	0.3%
Shanghai Composite	3,282.72	0.0%
<b>Currencies</b>		
USD/MXN	19.83	-0.1%
EUR/USD	1.10	-0.4%
DX	98.84	0.2%
<b>Commodities</b>		
WTI	99.37	0.1%
Brent	104.33	-0.1%
Gold	1,928.90	0.2%
Copper	471.25	0.5%
<b>Sovereign bonds</b>		
10-year Treasury	2.40	2pb

Source: Bloomberg

## Equities

- We start the week with positive stock markets as attention continues on the development of the war in Ukraine, with hopes that there will be some progress in peace talks, albeit with more sanctions against Russia
- As such, futures in the US anticipate an upward opening with the S&P500 trading 0.1% above its theoretical value. Europe trades with widespread gains, with healthcare leading gains after the FDA in the US authorized a priority review of its coronavirus medicine, Roactmera
- Asia also closed positive, supported mainly by advances in the technology sector, after authorities in Beijing sought to amend rules restricting them from sharing sensitive financial data to foreign regulators. In Mexico, the Mexbol Index reached a new record high at 56,610pts, while this week we expect a trading range between 55,500-57,000pts

## Sovereign fixed income, currencies and commodities

- Mixed balance on sovereign rates. European rates adjust -6bps, while US Treasuries' print losses of 3bps at the long-end and gains of 3bps at the short-end. In Mexico, Mbonos' closed last week with a rally of 23bps, on average
- Dollar strengthens amid a mixed performance in G10 currencies, delimited by +/-0.7%. In EM, the bias is also mixed with RUB outperforming (+1.6%) followed by PHP (+0.6%). Meanwhile, USD/MXN trades with modest changes at 19.83 (-0.1%), after a weekly appreciation of 0.9%
- Crude-oil advances due to concerns about lower Russian supply despite a strong virus resurgence in China that could impact demand. In metals, performance is mostly positive with aluminum adjusting +1.1% and gold trading at 1,929 \$/oz t (+0.2%)

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	34,818.27	0.4%
S&P 500	4,545.86	0.3%
Nasdaq	14,261.50	0.3%
IPC	56,609.54	0.1%
Ibovespa	121,570.15	1.3%
Euro Stoxx 50	3,918.68	0.4%
FTSE 100	7,537.90	0.3%
CAC 40	6,684.31	0.4%
DAX	14,446.48	0.2%
Nikkei 225	27,665.98	-0.6%
Hang Seng	22,039.55	0.2%
Shanghai Composite	3,282.72	0.9%
<b>Sovereign bonds</b>		
2-year Treasuries	2.46	12pb
10-year Treasuries	2.38	4pb
28-day Cetes	6.49	2pb
28-day TIIE	6.72	0pb
2-year Mbono	8.38	7pb
10-year Mbono	8.32	5pb
<b>Currencies</b>		
USD/MXN	19.85	-0.1%
EUR/USD	1.10	-0.2%
GBP/USD	1.31	-0.2%
DX	98.63	0.3%
<b>Commodities</b>		
WTI	99.27	-1.0%
Brent	104.39	-3.3%
Mexican mix	97.25	-0.8%
Gold	1,925.68	-0.6%
Copper	468.85	-1.3%

Source: Bloomberg

## Corporate Debt

- This week we expect the auction of four long-term issuances for a total amount of up to MXN 6.5 billion with one unsecured note from Operadora de Servicios Mega (GFMEGA 22X), as well as three structured notes (ABS) from Dalton Efectivo Seguro (DESCB 22) and AB&C Leasing (ABCCB 22 / 22-2)
- Moodys affirmed Fortaleza Materiales' corporate family ratings at 'Ba3/A3.mx' and changed the outlook to Positive from Stable. The positive outlook reflects the strong rebound the company had in 2021 that increased predictability in free cash flow generation throughout a still uncertain economic environment

## 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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