

Financial Markets Daily

April 5, 2022

Main drivers for the financial markets today...

- **Stock markets mixed with S&P500 futures lower, government bond yields positive and USD slightly lower, with investors concerned over inflation and the response from central banks. This amid new sanctions to Russia and an increase in contagions in Europe and Asia**
- **Regarding the conflict in Ukraine, negotiations continue, with the expectation that China may act as a mediator. In addition, Ukrainian President Zelensky will address the UN Security Council while it is expected that the US announces the shipment of drones to Ukraine. Meanwhile, the European Union is discussing plans to reduce coal imports while the US announced new restrictions on payments from Russian government entities**
- **Cases continue to rise in several regions, including China –especially Shanghai and Hong Kong– on top of new reports in Japan, albeit with signs of an uptick in Italy, France, UK, and also in Brazil**
- **Regarding economic data, services PMIs in the Eurozone for March surprised with upward revisions –including in Germany–, with a similar situation in the UK. In the US we will be looking into these figures along the services ISM and February's trade balance. In China, PMIs figures will be released tonight. Meanwhile, in Mexico the private sector analyst survey will be published.**
- **On monetary policy, we will have statements from Brainard, Daly and Williams, this in a context in which comments from Fed members have turned more hawkish**

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Winners of the award for best economic
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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
8:30	Trade balance* - Feb	US\$bn	--	-88.5	-89.7
9:45	Services PMI* - Mar (F)	index	58.9	58.9	58.9
9:45	Composite PMI* - Mar (F)	index	58.5	58.5	58.5
10:00	ISM services* - Mar	index	59.0	58.4	56.5
10:05	Fed's Brainard speaks at forum on inflation				
14:00	Fed's Williams Takes part in discussion on the economy				
<i>Mexico</i>					
10:00	International reserves - Apr 1	US\$bn	--	--	200.5
12:30	Gover. weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Nov'47) and 1-, 2-, and 3-year Bondes F				
15:30	Survey of expectations (Citibanamex)				
<i>China</i>					
21:45	Services PMI (Caixin)* - Mar	index	--	49.8	50.2
21:45	Composite PMI (Caixin)* - Mar	index	--	--	50.1

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	4,570.75	-0.2%
Euro Stoxx 50	3,929.82	-0.5%
Nikkei 225	27,787.98	0.2%
Shanghai Composite	3,282.72	0.0%
<i>Currencies</i>		
USD/MXN	19.82	0.1%
EUR/USD	1.10	-0.1%
DX	98.98	0.0%
<i>Commodities</i>		
WTI	103.96	0.7%
Brent	108.23	0.7%
Gold	1,927.71	-0.3%
Copper	480.10	0.4%
<i>Sovereign bonds</i>		
10-year Treasury	2.46	7pb

Source: Bloomberg

Equities

- **Mixed movements, with negative bias, in equity markets as investors are cautious due to the European Union's proposal for greater sanctions on Russia and its potential effect on inflationary pressures and central banks' monetary policy. Meanwhile, the coronavirus resurgence in Europe and Asia adds uncertainty**
- **In Asia most markets closed positive. There were no operations in China and Hong Kong due to being a holiday. In Europe negative sentiment prevails, with the Eurostoxx declining 0.5%. Shares from industrial and energy sectors lead losses, while those from utilities and communication services shown gains. In turn, in the US the futures of main indices point to a negative open by falling 0.2% on average**

Sovereign fixed income, currencies and commodities

- **Widespread pressures in sovereign rates, with European assets adjusting of up to +10bps, while the US Treasuries print a 6bps sell-off on average. In local terms, the Mbonos' curve closed yesterday with losses of 6bps at the long-end and few changes at the short-end**
- **The dollar weakens against most of the G10 currencies with AUD (+1.2%) leading gains. In the EM group, the bias is mixed with RUB (-0.5%) as the weakest. Moreover, USD/MXN trades at 19.82 per dollar (-0.1%), pairing five positive sessions in a row**
- **Crude-oil register gains following more pressures on Moscow. In this sense, EU plans to propose ban on Russian coal imports. Widespread gains in base metals, while gold adjust -0.3%. In addition, grains advance due to supply issues and complex weather conditions**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,921.88	0.3%
S&P 500	4,582.64	0.8%
Nasdaq	14,532.55	1.9%
IPC	56,313.21	-0.5%
Ibovespa	121,279.51	-0.2%
Euro Stoxx 50	3,951.12	0.8%
FTSE 100	7,558.92	0.3%
CAC 40	6,731.37	0.7%
DAX	14,518.16	0.5%
Nikkei 225	27,736.47	0.3%
Hang Seng	22,502.31	2.1%
Shanghai Composite	3,282.72	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	2.42	-3pb
10-year Treasuries	2.40	1pb
28-day Cetes	6.52	3pb
28-day TIIE	6.72	0pb
2-year Mbono	8.39	1pb
10-year Mbono	8.37	5pb
<i>Currencies</i>		
USD/MXN	19.81	-0.2%
EUR/USD	1.10	-0.6%
GBP/USD	1.31	0.0%
DX-Y	99.00	0.4%
<i>Commodities</i>		
WTI	103.28	4.0%
Brent	107.53	3.0%
Mexican mix	100.16	3.0%
Gold	1,932.73	0.4%
Copper	478.15	2.0%

Source: Bloomberg

Corporate Debt

- **CIBanco (Trustee) informed that on April 12, 2022, the Voluntary Early Amortization of ABCCB 18 (AB&C Leasing ABS) outstanding will be carried out. The Voluntary Early Amortization is subject to the condition precedent that, no later than April 12, 2022, the ABCCB 22 and 22-2 issuances are placed, liquidated and sufficient proceeds are deposited into the Trust's assets to carry out the amortization**
- **AlphaCredit informed that on March 31, the First District Court for Commercial Insolvency Matters published the ruling that resolved the appeal for revocation filed against the order issued by the First District Court for Civil Matters in the CDMX by which it was dismissed the application for a declaration of commercial bankruptcy**

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
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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