

Financial Markets Daily

April 7, 2022

Main drivers for the financial markets today...

- **Positive stock markets with Asia down, USD with small changes and government bond yields down, showing signs of stabilizing as traders stepped in after Fed's minutes with a very hawkish tilt and their plans to pare the balance sheet by more than US\$1 trillion a year**
- **Attention on the ECB minutes, comments from Fed speakers Bullard, Bostic, Evans and Williams and in Peru's monetary policy decision**
- **Regarding economic figures, in the US, jobless claims for the week ending April 2 will be released. While, in the Eurozone, retail sales advanced 0.3% m/m in March, with the annual variation standing at 5.0% from 8.4% previously**
- **In Mexico, INEGI published March's inflation at +0.99% m/m, with pressures both at the core (0.72%) and the non-core (1.79%). As such, annual inflation reached 7.45% (previous: 7.28%), with the core at 6.78% (previous: 6.59%), extending its upward trend. Attention in Banxico's minutes**

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Winners of the award for best economic
forecasters for Mexico in 2021, granted by
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**STARMINE AWARDS
FOR REUTERS POLLS
FROM REFINITIV**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
2:00	GER Industrial production* - Feb	% m/m	--	0.3	2.7
5:00	EZ Retail sales* - Feb	% m/m	--	0.6	0.2
7:30	ECB Meeting minutes				
<i>Mexico</i>					
7:00	Consumer prices - Mar	% m/m	0.98	0.88	0.83
7:00	Core - Mar	% m/m	0.69	0.67	0.76
7:00	Consumer prices - Mar	% y/y	7.44	7.35	7.28
7:00	Core - Mar	% y/y	6.76	6.71	6.59
10:00	Banxico's minutes				
<i>United States</i>					
8:30	Initial jobless claims* Apr 2	thousands	198	200	202
9:00	Fed's Bullard Discusses the Economy and Monetary Policy				
14:00	Fed's Bostic and Evans Discuss Inclusive Employment				
15:00	Consumer credit* - Feb	US\$bn	--	16.3	6.8
16:05	Fed's Williams makes closing remarks at event				
<i>Peru</i>					
19:00	Monetary policy decision (BCRP)	%	--	--	4.00

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	4,480.75	0.1%
Euro Stoxx 50	3,850.84	0.7%
Nikkei 225	26,888.57	-1.7%
Shanghai Composite	3,236.70	-1.4%
<i>Currencies</i>		
USD/MXN	20.15	-0.1%
EUR/USD	1.09	0.2%
DX	99.57	0.0%
<i>Commodities</i>		
WTI	98.26	2.1%
Brent	102.95	1.9%
Gold	1,930.55	0.3%
Copper	471.55	-0.5%
<i>Sovereign bonds</i>		
10-year Treasury	2.62	2pb

Source: Bloomberg

Equities

- **Stock markets mixed, with positive bias, as investors weigh a tighter monetary policy by the Fed and assess the impact on global economic growth, while the shock on commodity markets continues due to the disruptions caused by the war in Russia and Ukraine**
- **Futures in the US anticipate a positive opening with the S&P500 trading 0.1% above its theoretical value, after the fall observed in the previous session. In the same way, Europe trades mostly with gains of 0.8% on average, where the Eurostoxx advances 0.7%, driven by the materials and health sectors. In turn, Asia closed negative, highlighting those of the Nikkei with 1.7% and Shanghai with 1.4%, accompanying the performance recorded in the previous day**
- **In corporate news, Asur's march passengers showed a higher than expected pace of growth, while Volaris data continued to reflect strong demand performance**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds, with European assets adjusting -2bps while the US Treasury curve trades with gains of -3bps, concentrated in the short-end. Yesterday, the Mbonos' curve closed with losses of 6bps on average and the Mbono May'31 at 8.55% (+9bps)**
- **The dollar trades with few changes on the DXY amid mixed performance among G10 and emerging market currencies. In the developed group, SEK (+0.2%) and AUD (-0.4%) are at the ends. In emerging markets, the negative bias prevails, except for RUB (+3.2%) as it is the strongest. The Mexican peso appreciates 0.2% to 20.13**
- **Oil prices advance 1.5% as a cold snap comes into the US, offsetting the effect of the slowdown in demand due to contagion from China. In industrial metals, the negative bias prevails and gold trades stable at 1,926 \$/bbl**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,496.51	-0.4%
S&P 500	4,481.15	-1.0%
Nasdaq	13,888.82	-2.2%
IPC	55,438.73	-0.2%
Ibovespa	118,227.75	-0.6%
Euro Stoxx 50	3,824.69	-2.4%
FTSE 100	7,587.70	-0.3%
CAC 40	6,498.83	-2.2%
DAX	14,151.69	-1.9%
Nikkei 225	27,350.30	-1.6%
Hang Seng	22,080.52	-1.9%
Shanghai Composite	3,283.43	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	2.47	-4pb
10-year Treasuries	2.60	5pb
28-day Cetes	6.53	1pb
28-day TIE	6.73	0pb
2-year Mbono	8.49	5pb
10-year Mbono	8.54	8pb
<i>Currencies</i>		
USD/MXN	20.17	0.8%
EUR/USD	1.09	-0.1%
GBP/USD	1.31	0.0%
DXY	99.60	0.1%
<i>Commodities</i>		
WTI	96.23	-5.6%
Brent	101.07	-5.2%
Mexican mix	94.97	-4.9%
Gold	1,925.35	0.1%
Copper	473.80	-1.2%

Source: Bloomberg

Corporate Debt

- **Fibra Uno (FUNO) informed the closing of a strategic alliance with AXA Seguros for the development of mixed uses Portal Norte, located in Satélite in Naucalpan, State of Mexico. The total investment in the project will be approximately MXN 3.5 billion, of which MXN 2.5 billion will come from contributions by FUNO and AXA Seguros in a proportion of 80% and 20%, respectively**
- **S&P Global Ratings downgraded APPCVCB 17 (APP Coatzacoalcas – Villahermosa FF) to 'mxA+' from 'mxAA' and placed it on CreditWatch with negative implications. According to the agency, the rating action follows the federal government's announcement of its intention to renegotiate the terms and conditions of 15 contracts for the conservation of highway sections, including the project that supports the issuance, where around 15% would be cut of the monthly availability payment for 24 months**

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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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