

Financial Markets Daily

April 8, 2022

Main drivers for the financial markets today...

- **Stock markets up on dip-buying, government bond yields and USD higher, with investors still assimilating hawkish comments from Fed members and with close attention on the evolution of the conflict in Ukraine, which keeps escalating after a railway station was attacked in Donetsk**
- **With scarce economic data, investors will be watching inflation in Brazil and wage negotiations in Mexico. India's central bank kept the reference rate unchanged at 4.00%, albeit boosting its inflation forecast; Russia surprisingly cut its interest rate by 300bps, to 17%**
- **European Union countries agreed to ban coal imports from Russia, the first measure aimed to impact the income that this country receives from energy sales. Moreover, they also prohibited most trucks and ships from entering the EU**
- **Food prices are surging at its fastest pace in history as supply disruptions due to the conflict are raising fears of scarcity in several staples. Specifically, the UN food price index picked up 13% in March, a situation that has resulted in heightened social tensions and an inflation backdrop that remains very complicated**
- **France is preparing for the first round of presidential elections on Sunday. Macron's role as a mediator in the conflict in Ukraine had boosted his popularity. Nevertheless, it has waned strongly. Specifically, his approval is close to 28%, while his right-wing competitor, Marine LePen, is close at 23%**
- **US multinational corporations are far from supporting the plan for a global minimum tax that has been pushed by the Treasury Secretary, Janet Yellen. Executives from some companies have said there is still a lot of fronts to that need to be resolved and that the plan is very complex, among other issues**

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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>Brazil</i>					
8:00	Consumer prices - Mar	% m/m	--	1.35	1.01
8:00	Consumer prices - Mar	% y/y	--	11.00	10.54
<i>Mexico</i>					
	Wage negotiations - Mar	% y/y	--	--	6.7

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	4,511.00	0.3%
Euro Stoxx 50	3,858.64	1.5%
Nikkei 225	26,985.80	0.4%
Shanghai Composite	3,251.85	0.5%
<i>Currencies</i>		
USD/MXN	20.15	0.1%
EUR/USD	1.09	-0.1%
DXY	99.85	0.1%
<i>Commodities</i>		
WTI	96.15	0.1%
Brent	100.32	-0.3%
Gold	1,931.93	0.0%
Copper	474.10	0.9%
<i>Sovereign bonds</i>		
10-year Treasury	2.68	2pb

Source: Bloomberg

Equities

- We end the week with positive movements in stock markets, as attention continues on the conflict in Ukraine. Futures in the US anticipate a slightly positive opening, with the S&P500 trading 0.3% above its theoretical value
- In Europe, the stock markets are trading with widespread gains above 1%, in dip-buying after the adjustments of previous days, while the banking sector leads the advances after Credit Agricole bought a 9.2% stake in the Italian bank Banco BPM SpA. Asia also closed positive, albeit of moderate magnitude, despite adjustments in the technology sector, and as China continues to struggle with the resurgence of the virus and new lockdowns, with the expectation that the central bank will take measures to support the economy
- In Mexico, the Mexbol Index may consolidate near 55,000pts

Sovereign fixed income, currencies and commodities

- Sovereign bonds are slightly negative, European assets are down 1bp and the US Treasury curve loses up to 5bps on the short-end, while long-term notes are little changed. Yesterday, the Mbonos' curve closed with losses of 7bps on average and the 10-year benchmark at 8.63% (+8bps)
- The dollar trades with few changes on the DXY while the G-10 and emerging currencies show a mixed performance. In the former group, NOK (+0.6%) and NZD (-0.4%) are at the ends. In emerging markets, HUF (+0.4%) leads the gains and KRW (-0.5%) is the weakest. The Mexican peso trades with few changes at 20.14 per dollar
- Oil prices trade with moderate fluctuations, with investors cautious in light of a complex backdrop due to the war in Ukraine and the rise of contagions in China. In metals, performance is mixed

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,583.57	0.3%
S&P 500	4,500.21	0.4%
Nasdaq	13,897.30	0.1%
IPC	55,280.59	-0.3%
Ibovespa	118,862.12	0.5%
Euro Stoxx 50	3,802.01	-0.6%
FTSE 100	7,551.81	-0.5%
CAC 40	6,461.68	-0.6%
DAX	14,078.15	-0.5%
Nikkei 225	26,888.57	-1.7%
Hang Seng	21,808.98	-1.2%
Shanghai Composite	3,236.70	-1.4%
<i>Sovereign bonds</i>		
2-year Treasuries	2.46	-1pb
10-year Treasuries	2.66	6pb
28-day Cetes	6.59	6pb
28-day TIE	6.73	0pb
2-year Mbono	8.54	5pb
10-year Mbono	8.63	8pb
<i>Currencies</i>		
USD/MXN	20.14	-0.1%
EUR/USD	1.09	-0.2%
GBP/USD	1.31	0.0%
DXY	99.75	0.2%
<i>Commodities</i>		
WTI	96.03	-0.2%
Brent	100.58	-0.5%
Mexican mix	93.43	-1.6%
Gold	1,931.86	0.3%
Copper	469.95	-0.8%

Source: Bloomberg

Corporate Debt

- Fitch Ratings downgraded Unifin Financiera's ratings to 'BB-/A-(mex)' from 'BB/A(mex)' and placed them on CreditWatch Negative. According to the agency, the downgrade reflects Fitch's downward revision of Unifin's profitability assessment, as its fundamental metric remained below 2% in the last two years, compared to its average prior to the pandemic around 3%, as well as the downward revision of the business profile due to the weakening of the company financing in foreign markets
- S&P Global Ratings affirmed Toyota Financial Services Mexico's ratings at 'mxAAA' and 'mxA-1+'. The outlook remained stable. According to the agency, Toyota Financial Services Mexico maintained a solid market share and a large and loyal customer base

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, David Alejandro Arenas Sánchez, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal and Daniel Sebastián Sosa Aguilar 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>
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