

Financial Markets Daily

April 11, 2022

Main drivers for the financial markets today...

- Stock markets mixed with a negative bias, government bond yields higher and USD with small changes, with moves influenced by geopolitical issues and uncertainty regarding inflation and economic activity
- The first round of the presidential election in France showed that president Macron obtained 27.6% of the votes. The right-wing contestant, Marine LePen, reached 23.4%. The second round will be held on April 24th. On the recall election in Mexico, with 98.2% of polling stations data, the option to support President López Obrador remaining in office reached 91.88% of support, albeit with only a participation of 17.42% (remembering that it must reach 40% to be binding)
- Market focus remains on Ukraine, inflation, and central banks. On the former, European Union foreign ministers will meet to discuss additional sanctions to Russia. In the latter, we highlight the monthly report by OPEC given concerns about crude-oil prices. Also, in this last front, monetary policy decisions from the ECB, Canada, Israel, New Zealand, Korea, Turkey, and Ukraine. Moreover, comments from several Fed members
- In economic figures, the US will publish consumer and producer prices, retail sales, industrial production (Mar), Empire Manufacturing and U. of Michigan consumer confidence (Apr). In Mexico, February's industrial production fell 1.0% m/m. Markets will be closed on Thursday and Friday because of the Holy Week. We will watch the debate about the electric reform at the Lower House and to ANTAD's same store sales (Mar)

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
2:00	Industrial production* - Feb	% m/m	--	0.3	0.7
Mexico					
7:00	Industrial production - Feb	% y/y	3.8	4.2	4.3
7:00	Industrial production* - Feb	% m/m	0.1	0.3	1.0
7:00	Manufacturing output - Feb	% y/y	6.4	5.0	3.8
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 10-year Mbono (May'31); 10-year Udibono (Nov'31) and 1-, 2-, 3-, and 5-year Bondes F				
United States					
9:30	Fed's Bostic Makes Opening Remarks at Fed Listens Event				
9:30	Fed's Bowman and Waller talk in an event from the central bank				
12:40	Fed's Evans Discusses Economy and Monetary Policy				

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.
Equity indices		
S&P 500 Futures	4,451.00	-0.7%
Euro Stoxx 50	3,845.35	-0.3%
Nikkei 225	26,821.52	-0.6%
Shanghai Composite	3,167.13	-2.6%
Currencies		
USD/MXN	20.05	0.0%
EUR/USD	1.09	0.2%
DX	99.90	0.1%
Commodities		
WTI	93.64	-4.7%
Brent	98.28	-4.4%
Gold	1,962.31	0.8%
Copper	467.60	-1.0%
Sovereign bonds		
10-year Treasury	2.77	7pb

Source: Bloomberg

Equities

- Equity markets kicked-off the week with a negative bias amid a scenario of inflationary pressures and economic slowdown, as well as with concerns of a greater impact on supply chains due to the coronavirus resurgence in China. Meanwhile, investors monitor the development of the elections in France and the war in Ukraine
- In Asia the markets closed negative, highlighting China's falls. In Europe stocks are mixed and the Eurostoxx is trading little changed. Shares from energy and financial sectors lead gains, while those from technology and utilities superhead losses. In turn, in the US the futures of main indices point to a negative open by falling 0.5% on average
- In Mexico, the Mexbol may stand below 54,500 pts

Sovereign fixed income, currencies and commodities

- Sovereign bonds start the week with losses, European assets adjust up to +8bps while the US Treasury curve trades with pressures of 7bps on average. Last week, the Mbonos' curve lost 30bps on average and the 10-year benchmark closed at 8.72% (+40bps)
- The dollar is stable, unchanged on the DXY, amid a mixed performance in developed and emerging currencies. In the former group, trading is capped by EUR (+0.2%) and JPY (-0.9%), while in the latter ZAR (+0.4%) and RUB (-1.5%) are at the ends. The MXN is also unchanged at 20.04 per dollar
- Crude oil prices fall between 3.4% and 3.9% on concerns of lower demand due to the increase in COVID-19 infections in China. Industrial metals trade lower as gold and silver post gains

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,721.12	0.4%
S&P 500	4,488.28	-0.3%
Nasdaq	13,711.00	-1.3%
IPC	54,687.25	-1.1%
Ibovespa	118,322.26	-0.5%
Euro Stoxx 50	3,858.37	1.5%
FTSE 100	7,669.56	1.6%
CAC 40	6,548.22	1.3%
DAX	14,283.67	1.5%
Nikkei 225	26,985.80	0.4%
Hang Seng	21,872.01	0.3%
Shanghai Composite	3,251.85	0.5%
Sovereign bonds		
2-year Treasuries	2.51	5pb
10-year Treasuries	2.70	4pb
28-day Cetes	6.61	2pb
28-day TIE	6.73	0pb
2-year Mbono	8.58	5pb
10-year Mbono	8.72	9pb
Currencies		
USD/MXN	20.05	-0.5%
EUR/USD	1.09	0.0%
GBP/USD	1.30	-0.4%
DXY	99.80	0.0%
Commodities		
WTI	98.26	2.3%
Brent	102.78	2.2%
Mexican mix	95.36	2.1%
Gold	1,947.54	0.8%
Copper	472.50	0.5%

Source: Bloomberg

Corporate Debt

- Notice of total early amortization of the BACOMCB 09-3 issuance for next April 25, 2022. The bond is backed by a residential mortgage portfolio. It currently has an outstanding amount of MXN 583 million and its maturity was scheduled for 2029. According to the supplement, the issuer has the right to redeem the issuance early without obligation to pay a premium
- S&P Global Ratings upgraded Grupo GICSA's ratings on the global scale to 'CCC+' from 'CCC' and on the national scale to 'mxB' from 'mxC'. Likewise, it took off the CreditWatch with negative implications and a stable outlook was assigned. According to the agency, the agreement with the bondholders does not imply that they would receive less value than the original promise of payment when the debt was approved

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