

Financial Markets Daily

April 13, 2022

Main drivers for the financial markets today...

- Stock markets mixed, with S&P500 futures higher, government bond yields with a positive skew while the USD and oil climb, with investors concerned about the possible duration of the conflict in Ukraine and global inflation, despite lower restrictions in China and the start of the corporate earnings season in the US
- After the inflation report yesterday in the US, participations from Fed speakers -including Bullard, Barkin, and Brainard- maintained a hawkish tone, centering on the possibility that the rate reaches a neutral level quite quickly. We do not have appearances from speakers scheduled today. Regarding global monetary policy, today we will have decisions in Canada and South Korea
- Regarding the conflict in Ukraine, President Putin mentioned that negotiations have stalled and that he will keep pursuing his military objectives in that country. Meanwhile, the US would be preparing a military assistance package for Ukraine of around \$750 million, which comes on top of previous support of US\$1.7 billion
- On the virus, despite a new record of infections registered in Shanghai (26.3 thousand cases), China is testing the implementation of shorter quarantines for people infected in this city and in 7 more (including Guangzhou). Although at the margin this is positive, disruptions will likely continue
- Regarding economic data, in the US we will be looking into March's PPI, expecting a relevant increase. Meanwhile, in the UK, annual inflation for this same period accelerated to 6.2%, surprising higher

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



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK					
2:00	Consumer prices - Mar	% y/y	--	6.7	6.2
2:00	Core - Mar	% y/y	--	5.3	5.2
Brazil					
8:00	Retail sales - Feb	% y/y	--	--	-1.9
8:00	Retail sales* - Feb	% m/m	--	--	0.8
United States					
8:30	Producer prices* - Mar	% m/m	--	1.1	0.8
8:30	Ex. food & energy* - Mar	% m/m	--	0.5	0.2
South Korea					
	Monetary policy decision (C. bank of S. Korea)	%	--	1.50	1.25

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted; ** Seasonally adjusted annualized rate. This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,390.25	-0.1%
Euro Stoxx 50	3,794.74	-1.0%
Nikkei 225	26,843.49	1.9%
Shanghai Composite	3,186.82	-0.8%
Currencies		
USD/MXN	19.76	-0.2%
EUR/USD	1.08	0.0%
DX	100.48	0.2%
Commodities		
WTI	101.83	1.2%
Brent	106.17	1.5%
Gold	1,976.93	0.5%
Copper	469.20	-0.4%
Sovereign bonds		
10-year Treasury	2.73	0pb

Source: Bloomberg

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Equities

- Stock market mixed, with negative bias, as investors assess the start of the US earnings season under a higher global context inflation
- Futures in the US anticipate a positive opening with the S&P trading 0.6% above its theoretical value. On the other hand, Europe is trading with losses, Eurostoxx drops 1.0%, mostly affected by the retail sector which is plunging to its lowest level in six months, where profits will be pressured due to rising costs. In turn, Asia closed mixed, highlighting the Nikkei increase of 1.9% while the Shanghai index declined 0.8%
- On the corporate front, 5 companies from the S&P500 published their results premarket, where BlackRock exceeded market estimated profits and JPMorgan reported below expectations. While tomorrow, 9 companies figures' results are expected, standing out Citigroup, Goldman Sachs, Morgan Stanley, US Bancorp, and Wells Fargo

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign rates, with European assets adjusting +/-1bp, while the US Treasury curve print gains of 2bps at the short-end and losses of 1bps at the long-end. The Mbonos' curve closed yesterday with gains of 4bps on average
- The dollar trades slightly positive against most of the G10 currencies with NZD (-1.1%) the weakest. In EM, the bias is positive with RUB (+3.7%) leading gains followed by KRW (+0.7%). Meanwhile, MXN trades at 19.76 per dollar (+0.2%), scoring five positive sessions in a row
- Crude-oil advances, extending yesterday's gains (+6.5%) on comments of President Putin to continue the war, despite energy agencies (OPEC and IEA) cut their forecast for global demand this year. Industrial metals register a mixed balance while gold gains 0.6%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,220.36	-0.3%
S&P 500	4,397.45	-0.3%
Nasdaq	13,371.57	-0.3%
IPC	53,907.25	-1.0%
Ibovespa	116,146.86	-0.7%
Euro Stoxx 50	3,831.47	-0.2%
FTSE 100	7,576.66	-0.5%
CAC 40	6,537.41	-0.3%
DAX	14,124.95	-0.5%
Nikkei 225	26,334.98	-1.8%
Hang Seng	21,319.13	0.5%
Shanghai Composite	3,213.33	1.5%
Sovereign bonds		
2-year Treasuries	2.41	-9pb
10-year Treasuries	2.72	-6pb
28-day Cetes	6.52	1pb
28-day TIIE	6.73	0pb
2-year Mbono	8.59	-5pb
10-year Mbono	8.84	-1pb
Currencies		
USD/MXN	19.80	-0.7%
EUR/USD	1.08	-0.5%
GBP/USD	1.30	-0.2%
DX	100.29	0.4%
Commodities		
WTI	100.60	6.7%
Brent	104.64	6.3%
Mexican mix	97.16	5.7%
Gold	1,966.76	0.7%
Copper	470.95	1.6%

Source: Bloomberg

Corporate Debt

- Fitch Ratings affirmed Grupo Televisa's international scale ratings at 'BBB+' and its local scale ratings at 'AAA(mex)' with a Stable outlook after the close of the transaction to merge its content segment with Univision
- Fitch Ratings affirmed the ratings for Consubanco's ABS, CSBCB 17, at 'AAA(mex)' with a Stable outlook. According to Fitch, as of February 2022, the non-performing loans represented around 4.8% of the portfolio which stand below the agency's projections
- Fitch Ratings downgraded Banca Mifel's international ratings to 'BB-' from 'BB' and its national scale ratings to 'A(mex)' from 'A+(mex)'. The downgrade mainly reflects the impact from Fitch's updated bank's methodology

Certification of Analysts.

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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