

# Financial Markets Daily

April 18, 2022

## Main drivers for the financial markets today...

- Stock markets skewed lower –with the UK, some Asian and most European countries closed due to Easter Monday–, USD and government bond yields up, affected by potentially more aggressive rate hikes by the Fed, pressures in energy, COVID-19 restrictions in China, and the war in Ukraine
- Yesterday, China's 1Q22 GDP stood at 4.8% y/y (1.3% q/q). Moreover, March's activity figures started to show a more sizable impact from new #COVID19 lockdowns, with consumption especially affected
- Market focus remains on Ukraine's conflict and possible central bank actions due to challenging inflation. In this backdrop, we will watch carefully the comments from Lagarde and Powell at the spring meetings of the IMF and the World Bank, where the *World Economic Outlook* will also be presented
- Other relevant events include the debate between Emmanuel Macron and Marine LePen ahead of the last presidential election round on April 24th, the Boao Forum in China starting on Wednesday, and the meeting among G20 finance ministers and central bankers
- Also, in monetary policy, interest rate announcement by the PBoC, as well as decisions in Indonesia, Hungary and Paraguay. In addition, comments from several Fed members
- In economic data, we highlight inflation in the Eurozone (Mar) and Mexico (1H-Apr). We will also know preliminary PMIs for April in several regions, including the US and the Eurozone
- The US will also release the Philly Fed (Apr) and housing sector data (Mar), along with weekly jobless claims
- In Mexico, and apart from inflation, the Timely Indicator of Economic Activity (Mar), along the banking sector survey. We will also monitor the debate of changes to the Mining Law, especially on the nationalization of lithium

### Alejandro Padilla

Chief Economist and  
Head of Research  
alejandro.padilla@banorte.com

### Juan Carlos Alderete Macal, CFA

Executive Director of Economic Research  
and Financial Markets Strategy  
juan.alderete.macal@banorte.com

### Alejandro Cervantes Llamas

Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com

### Manuel Jiménez Zaldivar

Director of Market Strategy  
manuel.jimenez@banorte.com

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



**STARMINE AWARDS  
FOR REUTERS POLLS  
FROM REFINITIV**



[www.banorte.com](http://www.banorte.com)



[@analisis\\_fundam](https://twitter.com/analisis_fundam)

## The most relevant economic data...

Event/Period	Unit	Banorte	Survey	Previous
<b>United States</b>				
16:00 Fed's Bullard Discusses the U.S. Economy and Monetary Policy				

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.
<b>Equity indices</b>		
S&P 500 Futures	4,369.50	-0.4%
Euro Stoxx 50	3,848.68	0.0%
Nikkei 225	26,799.71	-1.1%
Shanghai Composite	3,195.52	-0.5%
<b>Currencies</b>		
USD/MXN	19.97	0.0%
EUR/USD	1.08	-0.1%
DXY	100.65	0.1%
<b>Commodities</b>		
WTI	106.61	-0.3%
Brent	111.42	-0.3%
Gold	1,988.89	0.5%
Copper	475.80	0.7%
<b>Sovereign bonds</b>		
10-year Treasury	2.84	2pb

Source: Bloomberg

## Equities

- Stock markets with a negative bias as investors assess a tighter monetary policy, while China's economic data was hit by the new Covid outbreak
- Futures in the US anticipate a negative opening, with the S&P trading 0.4% below its theoretical value. Meanwhile, most markets in Europe, Hong Kong and Australia remain closed for Easter. In turn, Asia ended with losses, highlighting the Nikkei's drop of 1.1% and Shanghai with a 0.5% fall
- On the corporate front, 4 companies from the S&P500 slated to publish results today, from which Bank of America has exceeded estimated profits and Bank of New York Mellon reported in line with expectations. Tomorrow, 13 reports are expected, highlighting IBM, Johnson & Johnson, Lockheed Martin and Netflix

## Sovereign fixed income, currencies and commodities

- US Treasuries print modest losses with the 10-year benchmark reaching its highest since the end of 2018 at 2.84% (+1bp). The European market is closed for holidays. In Mexico, the Mbonos' yield curve closed last week with a 7bps sell-off, on average
- Dollar strengthens amid a negative performance in G10 currencies, with NZD as the weakest (-0.4%). In EM, the bias is mixed with RUB outperforming (+2.5%) followed by PLN (+0.2%). Meanwhile, MXN trades virtually unchanged at 19.97 per dollar, after a weekly appreciation of 0.4%
- Crude-oil registers modest losses -after an 8.8% rally last week- driven by a negative impact on demand due to a strong virus resurgence in China and despite supply disruptions in Libya. Meanwhile, grains advance and gold trades at 1,989 US\$/oz t (+0.5%)

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	34,451.23	0.0%
S&P 500	4,392.59	0.0%
Nasdaq	13,351.08	0.0%
IPC	54,172.62	0.0%
Ibovespa	116,181.61	0.0%
Euro Stoxx 50	3,848.68	0.0%
FTSE 100	7,616.38	0.0%
CAC 40	6,589.35	0.0%
DAX	14,163.85	0.0%
Nikkei 225	27,093.19	-0.3%
Hang Seng	21,518.08	0.0%
Shanghai Composite	3,211.25	-0.4%
<b>Sovereign bonds</b>		
2-year Treasuries	2.45	0pb
10-year Treasuries	2.83	0pb
28-day Cetes	6.60	0pb
28-day TIE	6.73	0pb
2-year Mbono	8.52	0pb
10-year Mbono	8.85	0pb
<b>Currencies</b>		
USD/MXN	19.97	0.0%
EUR/USD	1.08	-0.2%
GBP/USD	1.31	-0.1%
DXY	100.50	0.2%
<b>Commodities</b>		
WTI	106.95	0.0%
Brent	111.70	0.0%
Mexican mix	101.14	0.0%
Gold	1,978.24	0.2%
Copper	474.10	0.0%

Source: Bloomberg

## Corporate Debt

- S&P Global Ratings confirmed the rating for issuance ALPHACB 18 at 'mxBB' and withdrew it from its Negative CreditWatch list. According to the agency, collection levels started to recover since early 2022, thus accelerating the transaction's amortization pace
- PCR Verum affirmed Grupo GICSA's ratings at 'B/M', withdrew the Negative Watch and assigned a Negative Outlook, reflecting the challenges GICSA will continue facing to strengthen its operations' profitability, improve its leverage and generate a larger cash flow
- Fitch Ratings upgraded CIE's rating to 'AA-(mex)' from 'A+(mex)' keeping the Stable outlook. The rating upgrade reflects the materialization of CIE's deleveraging plan, as well as the better-than-expected operation results

## 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.

## Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

## Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

## Last-twelve-month activities of the business areas.

*Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.*

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

## Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## Guide for investment recommendations.

	Reference
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

## Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

*The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.*

**GRUPO FINANCIERO BANORTE S.A.B. de C.V.**

**Research and Strategy**

Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

**Economic Research**

Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707

**Market Strategy**

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
-------------------------	-----------------------------	----------------------------	------------------

**Fixed income and FX Strategy**

Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144

**Equity Strategy**

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
David Alejandro Arenas Sánchez	Senior Strategist, Equity	david.arenas.sanchez@banorte.com	(55) 1103 - 4000 x 2755
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Analyst	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746

**Corporate Debt**

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

**Quantitative Analysis**

Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Daniela Olea Suarez	Senior Analyst, Quantitative Analysis	daniela.olea.suarez@banorte.com	(55) 1103 - 4000
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
Daniel Sebastián Sosa Aguilar	Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000

**Wholesale Banking**

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899