

# Financial Markets Daily

April 20, 2022

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

- Stock markets mixed, government bond yields and the dollar down as investors are less jitter on inflation after yesterday's sharp losses in Treasuries, while digesting the negative surprise from Netflix's report and await speeches from Fed members
- Meanwhile, Russia stepped up attacks in Ukraine with clashes at a steel plant in Mariupol. In response, Ukrainians are pledging world leaders for additional help. The US will send more military aid and will discuss a new financial package. For its part, China reiterated its commitment of strengthening strategic ties with Russia
- On monetary policy, the agenda of Fed speakers includes Daly and Evans. In addition, the Beige Book will be published later today
- For his part, Martins Kazaks of the ECB warned of a possible rate hike as soon as July given significant inflation risks, while stating also that normalizing monetary policy on steps of 25bp hikes seems appropriate, albeit ultimately depending on economic data
- In the Eurozone, February's trade balance showed a 7.6 billion euros deficit. In addition, industrial production report for the same month grew 0.7% m/m, in line with expectations
- In Mexico, we only expect the banking sector survey

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	Trade balance* - Feb	EURbn	--	--	-27.2
5:00	Industrial production* - Feb	% m/m	--	0.2	0.0
<b>United States</b>					
10:30	Existing home sales** - Mar	thousands	--	5.7	6.0
10:30	Fed's Daly Discusses the Outlook				
11:30	Fed's Evans Discusses the Economic and Policy Outlook				
15:00	Beige Book				
<b>Mexico</b>					
15:30	Survey of expectations (Citibanamex)				

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.
<b>Equity indices</b>		
S&P 500 Futures	4,475.00	0.4%
Euro Stoxx 50	3,890.89	1.6%
Nikkei 225	27,217.85	0.9%
Shanghai Composite	3,151.05	-1.3%
<b>Currencies</b>		
USD/MXN	20.02	-0.1%
EUR/USD	1.08	0.4%
DX	100.40	-0.6%
<b>Commodities</b>		
WTI	104.16	1.6%
Brent	108.65	1.3%
Gold	1,949.14	0.0%
Copper	465.15	-1.4%
<b>Sovereign bonds</b>		
10-year Treasury	2.88	-6pb

Source: Bloomberg

## Equities

- Stock markets mixed, where investors continue assimilating a tight monetary outlook by the Fed, while assessing inflationary pressures
- Futures in the US show small changes, though Netflix shares fall more than 25% on pre-market due to the sorpressive drop in subscribers by 200,000 vs the expectation of 2.5 million net additions
- Europe trades positive, with Eurostoxx rising 1.6%, driven by technology and consumer staples sector, due to better than expected corporate results. Asia closed mixed, with the Nikkei advancing 0.9% while the Shanghai fell 1.4%, given the lack of monetary stimulus in China
- On the corporate front, today 16 companies from the S&P500 will realese its results, standing out Tesla and P&G. In Mexico we expect Fibrapl's figures after market close

## Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds, with European assets adjusting up to -7bps while the US Treasury curve registers gains of 6bps from the mid-end and the 10-year benchmark trades at 2.86% (-7bps). Yesterday the Mbonos' curve closed with losses of 5bps on average and the Mbono May'31 at 8.92% (+4bps)
- The dollar weakens with the DXY (-0.7%) allowing a generalized advance in G-10 currencies and a mixed performance in emerging markets. In the former group, SEK (+1.1%) leads gains while in the latter, trading is capped by PLN (+1.0%) and RUB (-0.8%). The Mexican peso appreciates 0.4% to 19.95 reversing part of yesterday's losses
- Crude oil prices advance 0.7% on the impact of Libya's production cut due to civil unrest. In metals, gold rises 0.2% while in industrials, the negative bias prevails

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	34,911.20	1.5%
S&P 500	4,462.21	1.6%
Nasdaq	13,619.66	2.2%
IPC	54,633.77	0.9%
Ibovespa	115,056.66	-0.5%
Euro Stoxx 50	3,830.76	-0.5%
FTSE 100	7,601.28	-0.2%
CAC 40	6,534.79	-0.8%
DAX	14,153.46	-0.1%
Nikkei 225	26,985.09	0.7%
Hang Seng	21,027.76	-2.3%
Shanghai Composite	3,194.03	0.0%
<b>Sovereign bonds</b>		
2-year Treasuries	2.59	14pb
10-year Treasuries	2.94	8pb
28-day Cetes	6.50	-6pb
28-day TIIE	6.73	-1pb
2-year Mbono	8.63	8pb
10-year Mbono	8.92	4pb
<b>Currencies</b>		
USD/MXN	20.03	1.0%
EUR/USD	1.08	0.1%
GBP/USD	1.30	-0.2%
DXY	100.96	0.2%
<b>Commodities</b>		
WTI	102.56	-5.2%
Brent	107.25	-5.2%
Mexican mix	100.92	-4.3%
Gold	1,950.09	-1.5%
Copper	473.95	-1.7%

Source: Bloomberg

## Corporate Debt

- S&P Global Ratings confirmed the ratings for 24 Mexican banks and subsidiaries, as well as 13 Mexican non-bank financial institutions, after the publication of its revised criteria. The ratings and outlooks remained unchanged
- Fibra Shop informed that it has a five-year authorized line of credit of MXN 1.8 billion, which is in the process of being finalized. The funds from that line of credit will be allocated to early payment of the FSHOP 17 bond issuance
- HR Ratings affirmed the rating for Vanenta's structured bond, VANRTCB 21, at 'HR AA+ (E)' with a Stable outlook, based on the Maximum Default the issuance can hold of 27.5% in a stress scenario

## 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 Selen 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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<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>

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