

Financial Markets Daily

April 25, 2022

Main drivers for the financial markets today...

- **Stock markets and government bond yields lower while the USD trades up in a cautious backdrop on fears of more widespread lockdowns in China due to the rebound in COVID-19 cases, as well as a more restrictive stance by the Fed, which would affect global growth and inflation further**
- **In France, results so far show that Emmanuel Macron won a second term as France’s president against Marine Le Pen. With counting still underway, projections show that he will obtain around 58% of the total votes**
- **Market focus on 1Q22 GDP in the US, Mexico and the Eurozone, with the latter region probably impacted in March due to the war in Ukraine. On this last topic, we highlight that the US has authorized additional military aid to the country and is planning to send back diplomats as early as this week**
- **In monetary policy, decisions in Hungary, Japan, Sweden, Russia, Colombia, and Australia. There are no speeches from Fed members as we are already on the silence period ahead of the meeting on May 4**
- **In economic data, the US will also release housing prices (Feb), durable goods orders, new home sales, trade balance, personal income and spending, PCE deflator (Mar), consumer confidence (Apr) and weekly jobless claims**
- **Going to other regions, watching confidence indicators and inflation (Apr) in the Eurozone; PMI manufacturing and services (Apr) in China; as well as the unemployment rate (Mar) and inflation (Apr) in Brazil**
- **Lastly, Mexico’s monthly GDP-proxy IGAE for February was published, unchanged at 0.0% m/m (2.5% y/y). Apart from the abovementioned data, we will also know retail sales (Feb), trade balance, unemployment rate, public finances and banking credit (Mar)**

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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
<i>Germany</i>					
4:00	IFO Survey (business climate)* - Apr	index	--	89.0	90.8
<i>Mexico</i>					
7:00	Global economic activity indicator (IGAE) - Feb	% y/y	2.6	2.4	1.8
7:00	Global economic activity indicator (IGAE)* - Feb	% m/m	0.1	0.2	0.4

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	4,226.75	-0.9%
Euro Stoxx 50	3,751.89	-2.3%
Nikkei 225	26,590.78	-1.9%
Shanghai Composite	2,928.51	-5.1%
<i>Currencies</i>		
USD/MXN	20.44	1.0%
EUR/USD	1.07	-0.6%
DXY	101.66	0.4%
<i>Commodities</i>		
WTI	97.69	-4.3%
Brent	102.17	-4.2%
Gold	1,910.93	-1.1%
Copper	445.85	-2.7%
<i>Sovereign bonds</i>		
10-year Treasury	2.82	-8pb

Source: Bloomberg

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Equities

- **Widespread stock market losses amid investor’s concerns about the impact on growth of more aggressive interest rate hikes, now exacerbated by rising cases in China and the possibility of further restrictions**
- **Futures in the US anticipate a downward opening, with the S&P500 trading close to 1% below its theoretical value, even after Friday's major adjustments. Europe trades with average falls of more than 2%, with energy and mining leading the declines. Asia closed with very important adjustments, standing out China with the Shanghai Composite down 5.1%**
- **The earnings season accelerates this week. In the US, 173 companies in the S&P500 will release its figures, highlighting the major techs; today only 13 are expected, standing out Coca-Cola Co. In Mexico, Alfa and subsidiaries and the three airport groups will report today**

Sovereign fixed income, currencies and commodities

- **Widespread gains in sovereign bonds. European rates print a 5bps rally, on average. Moreover, US Treasuries gain up to 8bps and the 10-year reference trades at 2.82% (-8bps). In Mexico, the Mbonos' yield curve closed last week with losses of up to 30bps**
- **Dollar strengthens against most G10 currencies except for JPY (+0.1%). In EM, RUB is overperforming (+2.9%), but the bias is negative with HUF as the weakest (-1.2%) followed by MXN that trades close to its 100-day moving average at 20.44 per dollar (-1.0%)**
- **Crude-oil starts the week down a little more than 4.0% amid fears of wider restrictions in China due to the rebound in COVID-19 cases. In a similar fashion, metals show sharp losses, with aluminum adjusting -4.4%, copper - 2.5% and gold -1.1%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,811.40	-2.8%
S&P 500	4,271.78	-2.8%
Nasdaq	12,839.29	-2.5%
IPC	53,191.78	-0.1%
Ibovespa	111,077.51	-2.9%
Euro Stoxx 50	3,840.01	-2.2%
FTSE 100	7,521.68	-1.4%
CAC 40	6,581.42	-2.0%
DAX	14,142.09	-2.5%
Nikkei 225	27,105.26	-1.6%
Hang Seng	20,638.52	-0.2%
Shanghai Composite	3,086.92	0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	2.67	-2pb
10-year Treasuries	2.90	-1pb
28-day Cetes	6.76	13pb
28-day TIIE	6.73	0pb
2-year Mbono	8.79	7pb
10-year Mbono	8.83	0pb
<i>Currencies</i>		
USD/MXN	20.23	0.3%
EUR/USD	1.08	-0.4%
GBP/USD	1.28	-1.5%
DXY	101.22	0.6%
<i>Commodities</i>		
WTI	102.07	-1.7%
Brent	106.65	-1.6%
Mexican mix	100.21	-1.4%
Gold	1,931.60	-1.0%
Copper	460.20	-2.6%

Source: Bloomberg

Corporate Debt

- **The ratings for Banobras’ proposed issuances, BANO 22 / 22-2 / 22-3, were assigned, of ‘mxAAA’ by S&P Global Ratings and ‘Aaa.mx’ by Moody’s. The ratings are based on the explicit backing granted to the issuer and its unsecured notes by the Federal Government**
- **Grupo GICSA informed it closed an agreement with an independent third party for the sale of “Parque Corporativo Lomas Altas”, an asset used for offices, for approximately MXN 1.3 billion, and that it will use the proceeds from the sale to improve its debt profile**
- **PCR Verum affirmed the ratings for Financiera Contigo’s ABS, CTIGOCB 20, at ‘AA/M (e)’ with a Stable outlook. The ratings are based on the cash flows from the collection of the transferred loan portfolio, on top of the credit enhancements, such as over-collateralization and a large excess margin**

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, 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 Thalia 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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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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