

# Financial Markets Daily

April 26, 2022

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

- **Stock markets mixed, government bond yields lower and USD up, with support from positive corporate news and China's promise of additional stimulus. Nevertheless, caution persists due to the Fed's more aggressive monetary policy stance, the war in Ukraine and surging COVID-19 cases**
- **Investors watching earnings reports closely, as well as durable goods orders, housing prices, consumer confidence and new home sales in the US. On the other hand, Hungary will announce its monetary policy decision**
- **The PBoC pledged additional support to the economy through targeted financing to small businesses and a quick resolution of the ongoing crackdown of technology firms. This signals a less restrictive stance given increasing investor concerns about the effect of recent lockdowns on growth and financial stability**
- **Russia's Foreign Minister, Sergei Lavrov, suggested that negotiations with the US regarding the conflict in Ukraine could be useful. This happens as several countries meet to discuss ways to increase military support to Ukraine, while UN Secretary General, Antonio Guterres, steps up diplomatic efforts to end the conflict**
- **In Mexico, February's retail sales grew 0.8% m/m (6.4% y/y), virtually in line with expectations. Inside, we observed mixed results, with strength in clothing and shoes (+3.4% m/m), but with healthcare lower (-8.3%)**

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



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FOR REUTERS POLLS  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Retail sales - Feb	% y/y	6.0	6.0	6.7
7:00	Retail sales* - Feb	% m/m	0.7	--	0.6
10:00	International reserves - Apr 22	US\$bn	--	--	200.1
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 20-year Mbono (Nov'42) and 30-year Udibono (Nov'50)				
<i>United States</i>					
8:30	Durable goods orders* - Mar (P)	% m/m	--	1.0	-2.1
8:30	Ex transportation* - Mar (P)	% m/m	--	0.6	-0.6
9:00	S&P/CoreLogic housing prices - Feb	% y/y	--	19.2	19.1
10:00	Consumer confidence* - Apr	index	107.0	108.3	107.2
10:00	New home sales** - Mar	thousands	--	770	772

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	4,271.50	-0.5%
Euro Stoxx 50	3,794.75	1.0%
Nikkei 225	26,700.11	0.4%
Shanghai Composite	2,886.43	-1.4%
<i>Currencies</i>		
USD/MXN	20.26	0.3%
EUR/USD	1.07	-0.3%
DX	101.90	0.1%
<i>Commodities</i>		
WTI	99.29	0.8%
Brent	103.30	1.0%
Gold	1,903.97	0.3%
Copper	448.25	0.8%
<i>Sovereign bonds</i>		
10-year Treasury	2.79	-3pb

Source: Bloomberg

## Equities

- **Mixed movements in equity markets due to the risks of a tighter monetary policy by the Fed, Ukraine's war and the COVID-19 situation in China, although with the expectation of more stimulus in this country. Investors' attention is focused on an increased flow of corporate earnings which has been positive so far. In this way, in Asia the markets closed mixed, while in Europe stocks rise. In turn, in the US the futures of main indices point to a negative open by falling 0.4% on average**
- **Out of the 39 S&P 500 companies scheduled to report today, 16 have already updated investors with outperforming estimates, including 3M, GE and PepsiCo. Alphabet and Microsoft will publish their figures after the market closes. In Mexico, Alfa and Alpek surprised favorably, even increasing their 2022 guidance; while Asur, Gap, and Oma showed solid growth and higher profitability. Reports from Amx, Gcc, Tlevisa, and Walmex are expected today after the markets close**

## Sovereign fixed income, currencies and commodities

- **Modest positive balance in sovereign rates, with European assets adjusting -2bps, while the US Treasury curve print gains of 3bps, on average, with the 10-year note trading at 2.79% (-3bps). In Mexico, the Mbonos' curve closed yesterday with a steepening bias**
- **The dollar rises modestly amid mixed performance in G10 currencies limited by +/-0.5%. In EM, RUB (+2.1%) is overperforming, while HUF (-1.1%) stands as the weakest. Meanwhile, MXN trades at 20.26 per dollar (-0.3%), after a 0.2% appreciation yesterday**
- **Crude-oil swings between gains and losses as investors assessed the impact of China's COVID-19 outbreak on the outlook for global demand. Meanwhile, metals register a favorable balance with gains of 1.0% in industrials. In similar fashion, grains trade in positive territory**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,049.46	0.7%
S&P 500	4,296.12	0.6%
Nasdaq	13,004.85	1.3%
IPC	52,703.79	-0.9%
Ibovespa	110,684.95	-0.4%
Euro Stoxx 50	3,757.59	-2.1%
FTSE 100	7,380.54	-1.9%
CAC 40	6,449.38	-2.0%
DAX	13,924.17	-1.5%
Nikkei 225	26,590.78	-1.9%
Hang Seng	19,869.34	-3.7%
Shanghai Composite	2,928.51	-5.1%
<i>Sovereign bonds</i>		
2-year Treasuries	2.63	-4pb
10-year Treasuries	2.82	-8pb
28-day Cetes	6.79	3pb
28-day TIE	6.74	1pb
2-year Mbono	8.81	2pb
10-year Mbono	8.90	6pb
<i>Currencies</i>		
USD/MXN	20.20	-0.2%
EUR/USD	1.07	-0.7%
GBP/USD	1.27	-0.8%
DX	101.75	0.5%
<i>Commodities</i>		
WTI	98.54	-3.5%
Brent	102.32	-4.1%
Mexican mix	96.06	-4.1%
Gold	1,897.83	-1.7%
Copper	447.20	-2.8%

Source: Bloomberg

## Corporate Debt

- **Grupo Bimbo signed an agreement for the sale of its confectionery business, Ricolino, to Mondelez International for a company value of MXN 27 billion. According to the statement, the strategic decision will allow Grupo Bimbo to become a stronger global leader in grain-based foods and to focus on its bakery and snack industries. Grupo Bimbo will use the proceeds from this transaction for the payment of debt, capital investments and other corporate purposes in general**
- **Grupo Bimbo has two issuances in the long-term debt market, BIMBO 16 / 17, with an outstanding amount of MXN 18 billion maturing in September 2026 and 2027, respectively. Grupo Bimbo is currently rated 'mxAA+' by S&P Global and 'AAA(mex)' by Fitch Ratings**

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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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	Reference
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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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