

Financial Markets Daily

April 27, 2022

Main drivers for the financial markets today...

- **Mixed stock markets, S&P Futures up, government bond yields and USD up amid opportunistic buying after the sell-off that has led stock markets to their lowest level in 6 weeks. However, risks have risen due to the suspension of Russian gas exports to Poland and Bulgaria**
- **The mild optimism we see today is supported by a corporate earnings season that carries a positive surprise rate of 80.5% and, in particular, the results of Microsoft, Mercedes-Benz and Michelin that exceeded expectations**
- **Markets are attentive to the inflation report in Brazil and the trade balance in the US as well as ECB's Lagarde intervention and Bank of Japan's monetary policy decision**
- **CPI figures in Brazil will be key prior to the Copom meeting on May 4, in a context in which it is speculated that the end of the rate hike cycle is near, while the Fed will be implementing an aggressive rate hike cycle. This has led the real to fall 7.5% in the last three sessions**
- **In Mexico, INEGI released March's trade balance, posting a US\$198.7 million surplus. Exports fell 2.7% m/m (+20.9% y/y), with a decline in non-oil. Imports grew 1.0% m/m (+12.7% y/y), boosted by oil**

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



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Trade balance - Mar	US\$m	1,476.6	--	1,293.0
<i>Brazil</i>					
8:00	Consumer prices - Apr	% m/m	--	1.81	0.95
8:00	Consumer prices - Apr	% y/y	--	12.12	10.79
<i>United States</i>					
8:30	Trade balance* - Mar	US\$bn	--	-105.0	-106.3
<i>Japan</i>					
	Monetary policy decision (BoJ)	%	--	-0.10	-0.10

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	4,187.75	0.4%
Euro Stoxx 50	3,723.77	0.1%
Nikkei 225	26,386.63	-1.2%
Shanghai Composite	2,958.28	2.5%
<i>Currencies</i>		
USD/MXN	20.47	0.2%
EUR/USD	1.06	-0.4%
DXY	102.70	0.4%
<i>Commodities</i>		
WTI	101.91	0.2%
Brent	105.46	0.4%
Gold	1,897.64	-0.4%
Copper	446.90	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	2.76	4pb

Source: Bloomberg

Equities

- **Mixed movements, with a positive bias, in equity markets after the falls of the previous session, amid concerns of economic slowdown, the halting of Russian gas supplies to Poland and Bulgaria, and corporate earnings with a positive balance**
- **In Asia the markets closed mixed. In Europe stocks advance, the Euro Stoxx adds 0.1%. In turn, in the US the futures of main indices point to a positive open by rising 0.4% on average**
- **Out of the 45 S&P500 companies scheduled to report today, 15 have already updated investors with outperforming estimates, including Kraft and T-Mobile US. Meta and PayPal will publish their figures after the market closes. In Mexico, Amx showed neutral results and continues to carry out value strategies, Walmex recorded profitability pressures, Gcc exceeded expectations, and Tlevisa reflected the merger with Univision. Alsea, Gentera, Orbia, Lacomar, and Volar will report today**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds, with European assets adjusting 2bps on average while the US Treasury curve loses 3bps on average. Yesterday, the Mbonos' curve closed with losses of 4bps on average and the long-term securities adjusted up to +11bps**
- **The dollar strengthens (DXY +0.4%) while developed and emerging currencies trade with mixed performance. In the former group trading is capped by AUD (+0.4%) and JPY (-0.5%) while in the latter RUB (+2.0%) leads the rallies and KRW (-1.1%) trades at the opposite end. The Mexican peso depreciates 0.1% trading at 20.47 per dollar**
- **Oil prices rise 0.4% as the energy crisis in Europe escalates, although fears of a slowdown in China due to confinements limit the gains. In metals, gold falls 0.3% to \$1,900/oz t while industrials print gains**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,240.18	-2.4%
S&P 500	4,175.20	-2.8%
Nasdaq	12,490.74	-4.0%
IPC	52,512.71	-0.4%
Ibovespa	108,212.86	-2.2%
Euro Stoxx 50	3,721.36	-1.0%
FTSE 100	7,386.19	0.1%
CAC 40	6,414.57	-0.5%
DAX	13,756.40	-1.2%
Nikkei 225	26,700.11	0.4%
Hang Seng	19,934.71	0.3%
Shanghai Composite	2,886.43	-1.4%
<i>Sovereign bonds</i>		
2-year Treasuries	2.48	-15pb
10-year Treasuries	2.72	-10pb
28-day Cetes	6.68	-11pb
28-day TIE	6.75	0pb
2-year Mbono	8.83	2pb
10-year Mbono	8.97	7pb
<i>Currencies</i>		
USD/MXN	20.43	1.2%
EUR/USD	1.06	-0.7%
GBP/USD	1.26	-1.3%
DXY	102.30	0.5%
<i>Commodities</i>		
WTI	101.70	3.2%
Brent	104.99	2.6%
Mexican mix	98.02	2.0%
Gold	1,905.51	0.4%
Copper	446.40	-0.2%

Source: Bloomberg

Corporate Debt

- **Crédito Real informed that, pending IFT's authorization, the transfer of Sistema Radiópolis shares in favor of the company was formalized. The rights over the shares were assigned to the company as payment for an overdue loan that Nuncio Accipens had with CREAL Arrendamiento, a Crédito Real subsidiary**
- **HR Ratings ratified Fibra Uno's rating at 'HR AAA' with a stable outlook. The ratification is based on the generation of Free Cash Flow (FCF) observed in 2021**
- **HR Ratings ratified Grupo Elektra's rating at 'HR AA+' with a stable outlook and at 'HR1' for the short term. The ratification is based on the observed net debt, which, despite reaching positive levels in the last two years, shows levels of net debt to free cash flow (FCF) below 1.0 year**

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, Oscar Rodolfo Olivos Ortiz, Daniel Sebastián Sosa Aguilar and Salvador Austria Valencia 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>
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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
Victor 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
Oscar Rodolfo Olivos Ortiz	Analyst	oscar.olivos@banorte.com	(55) 1103 - 4000
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
Salvador Austria Valencia	Analyst, Quantitative Analysis	salvador.austria.valencia@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.cebaldos@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
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roldan.ferrer@banorte.com	(55) 1670 - 1899