

Financial Markets Daily

April 28, 2022

Main drivers for the financial markets today...

- **Positive stock markets, USD up and mixed government bond yields amid better-than-expected corporate earnings led by the tech sector, temporarily dissipating concerns about economic growth, COVID-19 rebound in China and the war in Ukraine**
- **In the US, attention on the 1Q22 GDP figures. We estimate a 1.5% saar growth, after the 6.9% advance observed in the last quarter of 2021. The slowdown will be mainly due to the de-accumulation of inventories, while we expect a 3.5% advance in personal consumption, above the 2.5% observed in the previous quarter**
- **The Bank of Japan reinforced its promise to defend its 0.25% ceiling on 10-year government bond yields, contrasting with market expectations that it might have made a policy change to help the yen strengthen and thus reduce inflationary pressures**
- **In Mexico, INEGI released March's employment report. The unemployment rate fell to 2.97%, with 566.5 thousand new jobs. With seasonally adjusted figures we saw a decline to 3.46% (-25bps). March's public finance report will also be released**

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Winners of the award for best economic
forecasters for Mexico in 2021, granted by
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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Economic confidence* - Apr	index	--	108.0	108.5
5:00	Consumer confidence - Apr (F)	index	--	--	-16.9
8:00	GER Consumer prices - Apr (P)	% y/y	--	7.2	7.3
<i>Mexico</i>					
7:00	Unemployment rate - Mar	%	3.40	3.40	3.74
	Public finances (PSBR, year-to-date) - Mar	MXNmn	--	--	-185.0
<i>United States</i>					
8:30	Gross domestic product** - 1Q22 (P)	% q/q	1.5	1.1	6.9
8:30	Personal consumption** - 1Q22 (P)	% q/q	3.5	3.4	2.5
8:30	Initial jobless claims* - Apr 22	thousands	--	180	184
<i>China</i>					
21:45	Manufacturing PMI (Caixin)* - Apr	index	--	47.0	48.1

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	4,242.25	1.5%
Euro Stoxx 50	3,794.74	1.6%
Nikkei 225	26,847.90	1.7%
Shanghai Composite	2,975.49	0.6%
<i>Currencies</i>		
USD/MXN	20.45	0.2%
EUR/USD	1.05	-0.6%
DEX	103.71	0.7%
<i>Commodities</i>		
WTI	101.63	-0.4%
Brent	104.79	-0.5%
Gold	1,886.57	0.0%
Copper	444.35	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	2.82	-1pb

Source: Bloomberg

Equities

- **Stock markets with a positive bias, where investors weigh favorable corporate earnings that partially lessen recession concerns. Futures in the US anticipate a positive opening with the Nasdaq trading 2.2% above its theoretical value, while Meta Platforms rises more than 16.0% on pre-market after adding more users than projected**
- **On the corporate front, out of the 60 S&P500 scheduled to report today, 31 have already released its figures, highlighting Caterpillar and Eli Lilly, beating estimates. In the afternoon, the focus will be on the figures from Apple and Amazon. In Mexico, from the reports of yesterday, the results of Alsea, Gentera, Lacomar and Orbia stood out very favorably, which should be well received by the market. At Cemex, profitability pressures were in line with expectations, supported by the pricing strategy, while maintaining its guidance in EBITDA 2022, although cash flow came in below. Still, awaiting results from Cuervo, Kof and Terra after the market close**

Sovereign fixed income, currencies and commodities

- **Mixed balance on sovereign rates. European rates adjust +2bps, on average, while US Treasuries' curve print gains of 2bps with the 10-year benchmark trading at 2.82%. In Mexico, the Mbonos' yield curve closed yesterday with a slight steepening bias and the 10-year benchmark ended at 9.01% (+4bps)**
- **Dollar strengths against all G10 currencies with JPY as the weakest (-1.7%). In similar fashion, the bias is negative in EM except for RUB (+1.3%), while CNY leads losses (-0.8%). Moreover, MXN trades close to its 100D MA at 20.41 per dollar (-0.1%)**
- **Crude-oil falls due to a negative impact on demand given the lockdowns in China, as a result the inventories has increased in this country. The balance is mixed in metals, industrials adjust -0.5% while gold registers gains of 0.2%. Furthermore, grains advance 1.0%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,301.93	0.2%
S&P 500	4,183.96	0.2%
Nasdaq	12,488.93	0.0%
IPC	52,351.21	-0.3%
Ibovespa	109,349.37	1.1%
Euro Stoxx 50	3,734.64	0.4%
FTSE 100	7,425.61	0.5%
CAC 40	6,445.26	0.5%
DAX	13,793.94	0.3%
Nikkei 225	26,386.63	-1.2%
Hang Seng	19,946.36	0.1%
Shanghai Composite	2,958.28	2.5%
<i>Sovereign bonds</i>		
2-year Treasuries	2.59	11pb
10-year Treasuries	2.83	11pb
28-day Cetes	6.72	4pb
28-day TIE	6.75	0pb
2-year Mbono	8.84	2pb
10-year Mbono	9.01	5pb
<i>Currencies</i>		
USD/MXN	20.40	-0.2%
EUR/USD	1.06	-0.8%
GBP/USD	1.25	-0.2%
DXY	102.95	0.6%
<i>Commodities</i>		
WTI	102.02	0.3%
Brent	105.32	0.3%
Mexican mix	98.89	0.9%
Gold	1,886.10	-1.0%
Copper	447.50	0.2%

Source: Bloomberg

Corporate Debt

- **CEMEX informed that its offer to repurchase up to US\$500 million of its Notes expired on April 25, 2022 and that US\$4.15 million of the 2030 Notes, US\$3.0 million of the 2029 Notes and US\$3.075 million of the 2031 Notes, were validly offered by the bondholders after the closing of the early offer and prior to the Expiration Date. In conjunction with the early offer, CEMEX accepted for repurchase US\$438.8 million of the aggregate principal amount in the offered Notes**
- **Notification of partial early amortization due to cash sweep in IPORCB 19 / 19U issuances (Operadora Metropolitana de Carreteras FF) on May 2 for MXN 67.8 million**

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 Olivios 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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