

# Financial Markets Daily

May 3, 2022

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

- **Stock markets mixed, with S&P500 futures lower, government bond yields also mixed with a slight depreciation of the USD amid fears over inflationary pressures and risks for growth due to the war in Ukraine and lockdowns in China, this ahead of the Fed's decision tomorrow in which a 50bps hike is expected**
- **Regarding the conflict in Ukraine, clashes remain focused in the eastern region of the country, with little progress in recent days. Meanwhile, the European Union continues to discuss a ban on energy imports from Russia, albeit with some countries like Slovakia and Hungary looking for exceptions**
- **On the virus, in Hong Kong some restrictions have begun to be lifted after an improvement in the number of cases. On the contrary, in Beijing in-place dining was forbidden while controls for other activities have been tightened. Meanwhile, contagions in Shanghai have begun to moderate, expecting mass testing to continue this week**
- **In the US, attention on durable goods and factory orders (March), as well as auto sales (April). In the Eurozone, March's unemployment rate was unchanged at 6.8%.**
- **On the monetary policy front, the two-day meeting from the Fed begins today, expecting the decision tomorrow, while we will have comments from ECB President, Christine Lagarde**

Alejandro Padilla Santana  
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>Eurozone</i>					
5:00	Unemployment rate* - Mar	%	--	6.8	6.8
<i>Brazil</i>					
8:00	Industrial production - Mar	% y/y	--	2.7	-4.3
8:00	Industrial production* - Mar	% m/m	--	--	0.7
<i>Mexico</i>					
10:00	International reserves - Apr 29	US\$bn	--	--	199.5
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 5-year Mbono (Mar'27); 3-year Udibono (Dec'26) and 1-, 2-, and 3-year Bondes F				
<i>United States</i>					
10:00	Factory orders* - Mar	% m/m	--	1.1	-0.5
10:00	Ex transportation* - Mar	% m/m	--	--	0.4
10:00	Durable goods orders* - Mar (F)	% m/m	--	0.8	0.8
10:00	Ex transportation* - Mar (F)	% m/m	--	1.1	1.1
	Total vehicle sales** - Apr	thousands	--	13.9	13.3

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	4,153.25	0.1%
Euro Stoxx 50	3,745.74	0.4%
Nikkei 225	26,818.53	0.0%
Shanghai Composite	3,047.06	0.0%
<i>Currencies</i>		
USD/MXN	20.36	-0.5%
EUR/USD	1.06	0.5%
DX	103.17	-0.6%
<i>Commodities</i>		
WTI	104.65	-0.5%
Brent	107.15	-0.4%
Gold	1,860.65	-0.1%
Copper	428.60	0.7%
<i>Sovereign bonds</i>		
10-year Treasury	2.96	-2pb

Source: Bloomberg

## Equities

- **Mixed movements in equity markets as investors monitor monetary policy decisions of various central banks, particularly the Fed tomorrow, while concerns about inflationary pressures and risks around lower global economic growth continue. In this way, in Asia the markets closed mixed. There were no operations in China, Japan and Singapore due to being a holiday. In turn, in Europe stocks advance and in the US the futures of main indices point to a negative open by falling 0.4% on average**
- **On the corporate front, out of the 53 S&P500 companies scheduled to report today, 29 have already updated investors with most outperforming estimates, including DuPont de Nemours and Pfizer. Starbucks will publish its figures after the market closes. In Mexico, GMexico reported yesterday, slightly below estimates, although the outlook remains favorable given the expectation of high copper prices**

## Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign rates, with European assets printing gains of 2bps, while the US Treasury curve registers a flattening bias with a 13bps sell-off at the short-end and gains of 2bps at the long-end. In Mexico, the Mbonos' curve closed yesterday with pressures of 4bps, on average**
- **The dollar weakens amid mixed performance in G10 currencies with AUD leading gains (+0.6%). In EM, RUB (+1.9%) is overperforming followed by ZAR (+0.7%). Meanwhile, MXN trades at 20.36 per dollar (+0.5%), after a 0.2% depreciation yesterday**
- **Crude-oil retreats because of the impact of China's COVID-19 outbreak on the outlook for global demand despite the EU measures to limit purchases of energy from Russia. Widespread losses in industrial metals (-2.0%), while gold falls 0.1%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,061.50	0.3%
S&P 500	4,155.38	0.6%
Nasdaq	12,536.02	1.6%
IPC	51,887.47	0.9%
Ibovespa	106,638.64	-1.1%
Euro Stoxx 50	3,732.44	-1.9%
FTSE 100	7,544.55	0.0%
CAC 40	6,425.61	-1.7%
DAX	13,939.07	-1.1%
Nikkei 225	26,818.53	-0.1%
Hang Seng	21,089.39	0.0%
Shanghai Composite	3,047.06	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	2.73	2pb
10-year Treasuries	2.98	5pb
28-day Cetes	6.94	5pb
28-day TIE	6.76	0pb
2-year Mbono	8.99	7pb
10-year Mbono	9.14	2pb
<i>Currencies</i>		
USD/MXN	20.47	0.2%
EUR/USD	1.05	-0.4%
GBP/USD	1.25	-0.7%
DX-Y	103.74	0.8%
<i>Commodities</i>		
WTI	105.17	0.5%
Brent	107.58	-1.6%
Mexican mix	102.02	0.0%
Gold	1,863.02	-1.8%
Copper	426.80	-3.2%

Source: Bloomberg

## Corporate Debt

- **HR Ratings affirmed Grupo HYC's long-term ratings at 'HR A' with a Stable outlook and its short-term ratings at 'HR2'. The ratings are based on the Free Cash Flow generation of MXN 109 million in 2021 vs. the MXN -83 million in 2020**
- **Fitch Ratings affirmed Crediclub's ratings at 'A-(mex)' with a Stable outlook and 'F2(mex)'. The ratings reflect with high relevance its growing active and passive franchise in the North of the country, although its size remains modest regarding the financial system**
- **HR Ratings affirmed the rating for the State of Veracruz at 'HR BBB+' and changed the outlook to Positive from Stable. The Positive outlook follows the 13.9% reduction in its short-term liabilities**

## 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
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<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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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