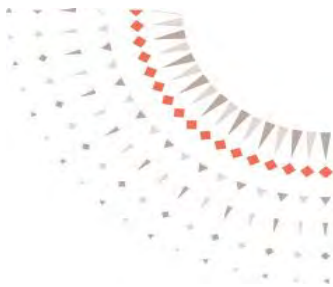


# Financial Markets Daily



May 9, 2022

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

- **Stock markets down, government bond yields and USD higher, with a bout of risk aversion after nonfarm payrolls in the US on Friday reaffirmed bets of an aggressive hiking cycle by the Fed, as well as fears on growth as employment conditions in China deteriorate because of COVID-19**
- **This weakness was reaffirmed with China’s trade balance for April, with exports and imports moderating to 3.9% and 0.0% y/y (in USD), respectively. These results are consistent with more strict lockdowns since late March due to higher #COVID19 cases**
- **Market focus this week remains on prices and monetary policy. Releases include CPI in the US, China, Germany and Brazil. Moreover, we expect Banxico to raise the reference rate by 50bps, with the agenda also full of speeches by Fed members. Other central bank decisions include Romania, Malaysia and Perú, as well as comments from Lagarde and other Governing Board members of the ECB**
- **The conflict in Ukraine remains in the headlines. Further steps towards the addition of Finland and Sweden to NATO are expected, a G7 meeting will be held in Germany, and the Italian Prime Minister, Mario Draghi, will visit the White House to coordinate support in this front**
- **In economic data, we only highlight producer prices (Apr) and U. of Michigan consumer confidence in the US. In other regions, 1Q22 GDP in the UK, industrial production (Mar) in the Eurozone, Brazil’s retail sales (Mar) and the ZEW index (May) in Germany**
- **Mexico’s inflation in April stood at 0.54% m/m, below consensus expectations. With this, the annual rate picked up to 7.68% from 7.45% on average in March. Data in coming days includes industrial production (Mar), ANTAD same-store sales and wage negotiations (Apr)**

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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>Mexico</i>					
7:00	Consumer prices- Apr	% m/m	0.57	0.59	0.99
7:00	Core - Apr	% m/m	0.79	0.74	0.72
7:00	Consumer prices - Apr	% y/y	7.71	7.73	7.45
7:00	Core - Apr	% y/y	7.22	7.18	6.78

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	4,038.00	-2.0%
Euro Stoxx 50	3,557.61	-2.0%
Nikkei 225	26,319.34	-2.5%
Shanghai Composite	3,004.14	0.1%
<i>Currencies</i>		
USD/MXN	20.36	1.1%
EUR/USD	1.05	-0.1%
DX-Y	103.87	0.2%
<i>Commodities</i>		
WTI	107.31	-2.2%
Brent	110.11	-2.0%
Gold	1,860.35	-1.2%
Copper	413.00	-3.1%
<i>Sovereign bonds</i>		
10-year Treasury	3.18	6pb

Source: Bloomberg

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### Equities

- **Equity markets kick-off the week with a negative performance due to increased concerns about a lower global economic growth derived from the potential effect of the Fed's aggressive monetary policy and the COVID-19 situation in China**
- **In Asia most markets closed negative. There were no operations in Hong Kong because of a local holiday. In Europe stocks drop, with the Euro Stoxx shedding 2.0%. Shares from real estate and technology sectors lead losses. In turn, futures of main indices in the US point to a negative open by falling 2.0% on average**
- **Meanwhile, the flow of corporate earnings decreases. Out of the 7 S&P500 companies scheduled to report today, 2 have released their results, below expectations, including Duke Energy. Simon Property Group will publish its figures after the market closes**

### Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds, with European assets adjusting up to +8bps while US Treasuries steepen with gains of 4bps at the short-end and losses of 6bps in long-term tenors. Last week, the Mbonos' curve gained 8bps at the short-end and was pressured up to 11bp at the long end**
- **The dollar strengthens (DXY +0.1%), with G10 and emerging currencies trading with losses. In the former group, AUD (-1.1%) leads declines, while in the latter RUB (-2.0%) is the weakest. The Mexican peso is the third weakest, depreciating 1.1% to 20.36 per dollar**
- **Crude oil prices fall 2.1% on average as talks continue in the EU on cutting Russian crude imports, combined with the risk-off mood. In metals, gold falls 1.3% to \$1,860/t oz and industrials retreat more than 2%**

### Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,899.37	-0.3%
S&P 500	4,123.34	-0.6%
Nasdaq	12,144.66	-1.4%
IPC	49,541.81	-2.0%
Ibovespa	105,134.73	-0.2%
Euro Stoxx 50	3,629.17	-1.8%
FTSE 100	7,387.94	-1.5%
CAC 40	6,258.36	-1.7%
DAX	13,674.29	-1.6%
Nikkei 225	27,003.56	0.7%
Hang Seng	20,001.96	-3.8%
Shanghai Composite	3,001.56	-2.2%
<i>Sovereign bonds</i>		
2-year Treasuries	2.73	3pb
10-year Treasuries	3.13	9pb
28-day Cetes	6.96	0pb
28-day TIE	6.77	0pb
2-year Mbono	8.89	0pb
10-year Mbono	9.18	2pb
<i>Currencies</i>		
USD/MXN	20.13	-0.6%
EUR/USD	1.06	0.1%
GBP/USD	1.23	-0.1%
DXY	103.66	-0.1%
<i>Commodities</i>		
WTI	109.77	1.4%
Brent	112.39	1.3%
Mexican mix	106.45	1.4%
Gold	1,883.81	0.4%
Copper	426.70	-0.6%

Source: Bloomberg

### Corporate Debt

- **This week we expect the auction of up to MXN 3.6 billion in the long-term market, through two unsecured issuances from Arrendadora Actinver and Operadora de Servicios Mega**
- **Fitch Ratings affirmed Ford Credit de México's ratings at 'AA(mex)' and revised the outlook to Positive from Stable following a similar action taken on the ratings of its holding company Ford Motor Company ('BB+')**
- **Fitch Ratings affirmed Grupo Comercial Chedraui's rating at 'AA+(mex)' and revised the outlook to Positive, reflecting the strengthening of Chedraui's business profile, linked to the larger scale and geographic diversification of its operation in the US**

## Certification of Analysts.

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 Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, José De Jesús Ramírez Martínez, 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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## Guide for investment recommendations.

	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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