

Financial Markets Daily

May 10, 2022

Main drivers for the financial markets today...

- **Stock markets up, including S&P500 futures, government bond yields with a negative skew and the USD trading sideways, depicting a momentary relief rally after recent corrections, despite concerns on inflation, risks for growth, tighter monetary policies and lockdowns in China**
- **In the US attention on comments from Fed speakers, with comments from six members, highlighting Williams (New York), Waller (Fed Board) and Mester (Cleveland) who have a vote in the FOMC this year. In this context, President Biden will speak on inflation at 11:30am (ET)**
- **On economic data, in Mexico we will have the release of April's ANTAD sales and wage negotiations. In addition, tonight, China will publish inflation for the fourth month of the year**
- **Regarding the war in Ukraine, the EU is still discussing sanctions on the oil front (which Hungary opposes), although likely being more modest than anticipated. In addition, the block is considering issuing debt to sustain the fiscal deficit in that country**
- **In China, Premier Li Keqiang warned over a "complicated and grave" situation regarding employment in the country. Although he did not mention the virus, this seems to be the reason behind this. This contrasts with messages from other officials that ask for the 'Zero COVID' policy not to be questioned**

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 Qualitative Analysis
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar
Director of Market Strategy
manuel.jimenez@banorte.com

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
7:40	Fed's Williams Gives Speech at NABE/Bundesbank Symposium				
9:15	Fed's Barkin, discusses inflation				
13:00	Fed's Waller and Kashkari Speak to Economic Club of Minnesota				
15:00	Fed's Mester Takes Part in Panel Discussion on Monetary Policy				
19:00	Fed's Bostic Discusses Monetary Policy and the Economy				
<i>Brazil</i>					
8:00	Retail sales - Mar	% y/y	2.2	--	1.3
8:00	Retail sales* - Mar	% m/m	0.5	--	1.1
<i>Mexico</i>					
10:00	International reserves - May 6	US\$bn	--	--	199.2
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 30-year Mbono (Nov'47); 10-year Udibono (Nov'31) and 1-, 2-, 3-, and 5-year Bondes F				
	ANTAD same-store sales - Apr	% y/y	--	--	8.8
	Wage negotiations - Apr	% y/y	--	--	8.1
<i>China</i>					
21:30	Consumer prices - Apr	% y/y	--	1.9	1.5

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	4,026.00	1.0%
Euro Stoxx 50	3,578.33	1.5%
Nikkei 225	26,167.10	-0.6%
Shanghai Composite	3,035.84	1.1%
<i>Currencies</i>		
USD/MXN	20.33	-0.3%
EUR/USD	1.06	0.0%
DX	103.69	0.0%
<i>Commodities</i>		
WTI	102.48	-0.6%
Brent	105.12	-0.8%
Gold	1,861.80	0.4%
Copper	422.45	0.8%
<i>Sovereign bonds</i>		
10-year Treasury	2.97	-6pb

Source: Bloomberg

Equities

- **Mixed movements, with a positive bias, in equity markets amid opportunistic buying after the sell-off in previous sessions, although fears related to inflation and economic growth remain. Meanwhile, on the corporate front, out of the 9 S&P500 companies scheduled to report today, 3 have already updated investors, 2 of them below expectations, including Norwegian Cruise Line**
- **In Asia most markets closed negative. In Europe stocks advance, the Euro Stoxx adds 1.1%. Shares from financial and industrial sectors lead gains, while those from energy show losses. In turn, in the US the futures of main indices point to a positive open by rising 0.7% on average**
- **In Mexico, the Mexbol may stand above the 49,350 pts**

Sovereign fixed income, currencies and commodities

- **Widespread gains in sovereign rates, with European assets adjusting -6bps, on average, while the US Treasury curve registers a slight rally of 3bps at the long-end. In Mexico, the Mbonos' curve closed yesterday with gains of 4bps at the short- and mid-end, on average**
- **The dollar trades sideways amid a favorable performance in G10 currencies with SEK leading gains (+0.5%). In EM, the bias is mixed with CZK (+0.4%) and TRY (-1.0%) at the extremes. Meanwhile, MXN trades close to its 100-days MA in 20.33 per dollar (+0.3%)**
- **Crude-oil retreats as EU members continue to discuss measures to limit purchases of energy from Russia. Moreover, in the US, gasoline and diesel prices reach fresh highs in a backdrop of inflationary pressures. Losses in industrial metals (-1.5%), except for copper**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,245.70	-2.0%
S&P 500	3,991.24	-3.2%
Nasdaq	11,623.25	-4.3%
IPC	49,057.46	-1.0%
Ibovespa	103,250.02	-1.8%
Euro Stoxx 50	3,526.86	-2.8%
FTSE 100	7,216.58	-2.3%
CAC 40	6,086.02	-2.8%
DAX	13,380.67	-2.1%
Nikkei 225	26,319.34	-2.5%
Hang Seng	20,001.96	0.0%
Shanghai Composite	3,004.14	0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	2.59	-14pb
10-year Treasuries	3.03	-9pb
28-day Cetes	7.09	13pb
28-day TIE	6.77	1pb
2-year Mbono	8.87	-2pb
10-year Mbono	9.17	-1pb
<i>Currencies</i>		
USD/MXN	20.40	1.3%
EUR/USD	1.06	0.1%
GBP/USD	1.23	-0.1%
DXY	103.65	0.0%
<i>Commodities</i>		
WTI	103.09	-6.1%
Brent	105.94	-5.7%
Mexican mix	100.82	-5.3%
Gold	1,854.17	-1.6%
Copper	419.35	-1.7%

Source: Bloomberg

Corporate Debt

- **Fitch Ratings assigned a rating of 'AAA(mex)' to Arca Continental's proposed issuances, AC 22/22-2. According to the agency, the ratings are based on the solid business position in the beverage area of its subsidiary AC Bebidas**
- **Fitch Ratings assigned a rating of 'AA(mex)' to Banco Actinver's proposed issuance, BACTIN 22. According to the agency, the ratings derive from the extraordinary support that Grupo Financiero Actinver would provide if necessary**
- **Monex (Common Rep) summoned to a Bondholders Assembly of the APPCVCB 17 issuance (APP Coatzacoalcas – Villahermosa FF) for next May 18, 2022. The main point to be discussed is the proposal, discussion and, where appropriate, approval to carry out the modification of the CPS, among others, regarding the Payments to the SCT**

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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, 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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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
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
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.cebillos@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.rolan.ferrer@banorte.com	(55) 1670 - 1899