

# Financial Markets Daily

May 13, 2022

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

- **Stock markets higher, government bond yields mixed, and USD with small changes amid relative calm following Powell's comments pushing back against speculation of steeper rate hikes. Nevertheless, caution prevails as concerns about an economic slowdown have not eased**
- **Investors focused on consumer confidence by the U. of Michigan in May in the US (preliminary), as well as speeches from Kashkari and Mester from the Fed**
- **Some EU countries are thinking about delaying plans of an oil embargo of Russian imports if they are not successful in convincing Hungary to approve it. The goal is to allow the imposition of new sanctions more expeditiously, with other countries such as Bulgaria, Slovakia and the Czech Republic also demanding specific exemptions**
- **Fed chairman Jerome Powell said yesterday that the central bank is not "actively considering" one or more 75bps rate hikes. He also reaffirmed the institution's determination to reduce inflation, albeit warning also that the Fed's ability to do it without causing a recession could depend on factors that are out of their control**
- **The main gasoline futures contracts reached new historical highs, with the rise in costs reflected also this week in higher prices at the pump in the US. This maintains high concerns about inflation dynamics and its consequences for monetary policy**
- **Beijing's local authorities stated that the city –with 22 million residents– will not be locked down. Nevertheless, they are planning massive tests this weekend after a slight increase in new COVID-19 cases**

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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	Industrial production* - Mar	% m/m	0.0	-	0.7
<i>United States</i>					
10:00	U. of Michigan confidence* - May (P)	index	0.0	63.8	65.2
11:00	Fed's Kashkari Discusses Energy and Inflation				
12:00	Fed's Mester discusses monetary policy				

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	3,968.75	1.1%
Euro Stoxx 50	3,666.96	1.5%
Nikkei 225	26,427.65	2.6%
Shanghai Composite	3,084.29	1.0%
<i>Currencies</i>		
USD/MXN	20.19	-0.3%
EUR/USD	1.04	0.0%
DXY	104.77	-0.1%
<i>Commodities</i>		
WTI	108.07	1.8%
Brent	109.42	1.8%
Gold	1,817.71	-0.2%
Copper	409.40	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	2.90	5pb

Source: Bloomberg

## Equities

- **Stock markets rebound after high volatility and significant losses of recent days, while comments from federal reserve members continue being assimilated, highlighting Powell who has ruled out, for now, 75bp increases in the reference rate**
- **Futures from the S&P500 are up 1.1% from their theoretical value, while Europe is rebounding in the face of valuations at the lowest levels since the pandemic. Asia also closed with significant gains, expecting an easing of restrictions due to the COVID-zero strategy. In Mexico, the Mexbol Index could approach to 49,800pts, on dip-buying**
- **On corporate news, Twitter's shares fall on pre-market trading, amid comments from Elon Musk, who said the acquisition is on hold. In the final stretch of US corporate earnings, we have ~91% of the results of S&P500 companies and a rise in profits of 10.0% vs 5.7%e has been achieved. The positive surprise rate stands at 76.4%**

## Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds, with European assets adjusting up to +8bps while the US Treasury curve steepens with losses of up to 6bps on the long-end. Yesterday, the Mbonos' curve closed with losses of 7bps on the short- and mid-end while the long-end gained 7bps on average, the 10-year benchmark closed at 8.84% (-4bps)**
- **The dollar trades with few changes while developed currencies strengthen and emerging currencies are mixed. In the first group, NOK (+0.6%) is the strongest and JPY (-0.6%) is the only one in negative territory. In emerging currencies, CZK (+0.9%) and RUB (-0.8%) are at the ends of the spectrum, while MXN appreciates 0.3% to 20.19 per dollar**
- **Oil prices gain 1.6% due to the lack of agreement among EU members to ban Russian crude imports. Negative bias prevails in metals**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,730.30	-0.3%
S&P 500	3,930.08	-0.1%
Nasdaq	11,370.96	0.1%
IPC	49,309.32	0.1%
Ibovespa	105,687.64	1.2%
Euro Stoxx 50	3,613.43	-0.9%
FTSE 100	7,233.34	-1.6%
CAC 40	6,206.26	-1.0%
DAX	13,739.64	-0.6%
Nikkei 225	25,748.72	-1.8%
Hang Seng	19,380.34	-2.2%
Shanghai Composite	3,054.99	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	2.56	-8pb
10-year Treasuries	2.85	-7pb
28-day Cetes	7.02	3pb
28-day TIE	6.82	1pb
2-year Mbono	8.82	6pb
10-year Mbono	8.86	-4pb
<i>Currencies</i>		
USD/MXN	20.25	-0.3%
EUR/USD	1.04	-1.3%
GBP/USD	1.22	-0.4%
DXY	104.85	1.0%
<i>Commodities</i>		
WTI	106.13	0.4%
Brent	107.45	-0.1%
Mexican mix	102.14	0.1%
Gold	1,821.82	-1.7%
Copper	410.05	-2.6%

Source: Bloomberg

## Corporate Debt

- **'El Puerto de Liverpool' and 'Corporación Actinver' announced the signing of an intent agreement, in order to define the conditions of an alliance to offer banking, savings and investment products and solutions to current and potential clients of 'El Puerto de Liverpool'. The implementation of this alliance is subject to the signing of the corresponding definitive contracts once the CNBV's authorizations are obtained**
- **Fitch Ratings affirmed América Móvil's national scale rating at 'AAA(mex)' with a stable outlook. According to the agency, the ratification reflects the deleveraging trajectory of the company due to divestments, solid operating results, and the expected deleveraging as a result of the US\$ 2.7 billion debt transfer as part of the spin-off of the international tower segment**

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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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	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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