

# Financial Markets Daily

May 17, 2022

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

- **Stock markets mixed, including S&P500 futures, government bond yields negative and USD depreciating, reflecting a temporary comeback of risks appetite given fewer contagions in China and favorable figures in Europe. Nevertheless, concerns surrounding growth, inflation and monetary tightening continue**
- **In the economic agenda, releases in the US include April's retail sales and industrial production. In addition, wide participation from Fedspeakers, noting Chairman Jerome Powell, as well as Bullard (St. Louis) and Mester (Cleveland), among others. In the Eurozone, 1Q22 GDP surprised marginally higher at 0.3% q/q. In this context, ECB President, Christine Lagarde, will also speak today**
- **Regarding the virus, in Shanghai it was declared that there are no more community transmissions in its 12 districts, which should open the door for a loosening in lockdowns. In Hong Kong it is also expected that restrictive measures are also curbed. On the contrary, there are signs of a slowdown in the normalization in cities like NY**
- **On the situation in Ukraine, its expected that the US approves a support package of US\$40 billion tomorrow, while Germany is considering using seized assets from the Russian Central Bank to finance the reconstruction**

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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>United States</i>					
8:00	Fed's Bullard Discusses Economic Outlook	0.0			
8:30	Advance retail sales* - Apr	% m/m	1.0	0.9	0.7
8:30	Ex autos & gas* - Apr	% m/m	--	0.7	0.7
8:30	Control group* - Apr	% m/m	0.5	0.8	0.7
9:15	Industrial production* - Apr	% m/m	0.4	0.5	0.9
9:15	Manufacturing production* - Apr	% m/m	0.4	0.4	0.9
9:15	Fed's Harker Discusses Healthcare as Economic Driver				
14:00	Fed's Powell, interviewed during Wall Street Journal live event				
14:30	Fed's Mester Gives Opening Remarks to Panel on Inflation				
18:45	Fed's Evans Discusses the Economic Outlook				
<i>Mexico</i>					
10:00	International reserves - May 13	US\$bn	--	--	198.8
12:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 10-year Mbono (May'31); 20-year UdiBono (Nov'35) and 1-, 2-, 3-, 7-, and 10-year Bondes F				
<i>Japan</i>					
19:50	Gross domestic product* - 1Q22 (P)	% q/q	--	-0.4	1.1

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	4,066.25	1.5%
Euro Stoxx 50	3,738.82	1.5%
Nikkei 225	26,659.75	0.4%
Shanghai Composite	3,093.70	0.6%
<i>Currencies</i>		
USD/MXN	19.97	-0.3%
EUR/USD	1.05	1.0%
DX	103.28	-0.9%
<i>Commodities</i>		
WTI	115.39	1.0%
Brent	115.55	1.1%
Gold	1,832.78	0.5%
Copper	427.30	1.8%
<i>Sovereign bonds</i>		
10-year Treasury	2.91	3pb

Source: Bloomberg

## Equities

- **Positive movements in equity markets reflecting bargain hunting and some optimism due to favorable economic data in the Eurozone and a relaxation of Shanghai's lockdowns, although concerns about global growth and inflation continue**
- **In Asia the markets closed positive. In Europe stocks advance, the Euro Stoxx adds 1.5%. Shares from technology, consumer discretionary, and materials sectors lead gains. In turn, in the US the futures of main indices point to a positive open by rising 1.7% on average**
- **On the corporate front, out of the 3 S&P500 companies scheduled to report today, 2 have already updated investors: Home Depot exceeding expectations and Walmart with figures below expectations. In Mexico, we will be attentive to Orbia's Investor Day that will take place in Boston**

## Sovereign fixed income, currencies and commodities

- **Widespread pressures in sovereign rates, with European assets adjusting +7bps, on average, while the US Treasury curve registers gains of up to 5bps at the short-end. In Mexico, the Mbonos' curve closed yesterday with gains of 4bps at the short- and mid-end, on average**
- **The dollar retreats (BBDXY -0.6%) amid a positive performance in most of the G10 currencies with SEK (+1.3%) as the strongest. In EM, the bias is also positive with HUF (+1.8%) leading gains. Meanwhile, MXN trades at 19.97 per dollar (+0.3%), reaching its best level in a month**
- **Crude-oil rebounds following fewer COVID-19 infections in China improving demand expectations. Meanwhile, gasoline in the U.S. exceeds 4.5 \$/gal for the first time in history. In similar fashion, the Bloomberg Agriculture Spot Index is trading at record highs**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,223.42	0.1%
S&P 500	4,008.01	-0.4%
Nasdaq	11,662.79	-1.2%
IPC	50,563.98	2.0%
Ibovespa	108,232.74	1.2%
Euro Stoxx 50	3,685.34	-0.5%
FTSE 100	7,464.80	0.6%
CAC 40	6,347.77	-0.2%
DAX	13,964.38	-0.5%
Nikkei 225	26,547.05	0.5%
Hang Seng	19,950.21	0.3%
Shanghai Composite	3,073.75	-0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	2.57	-1pb
10-year Treasuries	2.88	-4pb
28-day Cetes	7.04	-2pb
28-day TIIE	7.22	-2pb
2-year Mbono	8.95	-1pb
10-year Mbono	8.83	-1pb
<i>Currencies</i>		
USD/MXN	20.03	-0.4%
EUR/USD	1.04	0.2%
GBP/USD	1.23	0.5%
DXY	104.19	-0.4%
<i>Commodities</i>		
WTI	114.20	3.4%
Brent	114.24	2.4%
Mexican mix	106.36	0.0%
Gold	1,824.14	0.7%
Copper	419.15	0.4%

Source: Bloomberg

## Corporate Debt

- **S&P Global confirmed the ratings for issuance CETELEM 22 at 'mxAAA' following the announcement of a tap issue and assigned the same rating to new issuance CETELEM 22-2. The ratings are based on the unconditional and irrevocable guarantee granted by its holding company based in France, BNP Paribas**
- **S&P Global confirmed Operadora de Servicios Mega's global and local scale ratings at 'BB-' and 'mxA-', respectively and revised the outlook to Stable from Negative. The Stable outlook reflects the agency's opinion that GF Mega will expand its growing business with manageable asset quality ratios, adequate capitalization levels and a gradual improvement on its funding profile**

## 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, 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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