Monthly Investment Insights

No taper tantrums for developed markets

Source: Bloomberg

Despite the alarming spread of the Delta Covid variant, disappointing data from China amid the persistent regulatory crackdown, and the signalling of US tapering, markets have been calm with many equity indices hitting record levels and credit spreads holding in well. While developed market stocks have continued to climb, with the S&P 500 and the CAC 40 in France now up over 20% YTD, emerging market equities have languished, with the MSCI China Index down 15%. We remain bullish on risk assets, and equities in particular, but the three themes outlined above are likely to dominate in the months ahead.

The surge in the Delta Covid variant is disturbing, with Asian countries as well as some US states badly hit. While hospitalisation rates for those vaccinated is relatively modest, the spread is resulting in further lockdowns in China, Australia and many ASEAN countries. This is having an impact on growth, causing further havoc to already disrupted supply chains, and may well keep upward pressure on inflation in manufactured goods. It is also occurring at a time when the pace of global growth is starting to ease. As we pointed out in our Mid-Year Update, As good as it gets, this should have been expected given base effects and fiscal support being unwound. Investors need to be prepared for still good but slowing growth ahead.

China will also influence markets in the remaining months of the year. A combination of a regulatory crackdown on the technology and education sectors has pushed stocks sharply lower, while the intent to rebalance Chinese society for 'Common Prosperity' creates uncertainty for capital markets. It seems the authorities are prepared to tolerate market weakness for the time being and we suspect the shift in emphasis to more balanced growth is here to stay. That noted, we see additional monetary and fiscal support ahead given a contracting credit impulse and the effects from lockdowns. This should bolster the economy and improve market sentiment.

Perhaps the most significant development for global markets will be Fed policy. The tapering of QE is now widely expected to begin before the end of the year, with the USD 120bn monthly purchases of Treasuries and MBS being gradually scaled back. It must be remembered that this is a tapering of stimulus, not policy tightening, and we believe that a pragmatic Fed will be cautions and flexible. Rates are unlikely to be hiked before 2023, maintaining the supportive environment for both stocks and credit, albeit not as overwhelmingly positive as we have become accustomed to.

Market Assessment

Key developments

- Many global equity markets hit record highs in light summer trading, but emerging markets continue to lag
- Increasing lockdowns in Asia due to the spread of the Delta Covid variant are impacting already stretched supply chains
- The US Federal Reserve signals its intent to start tapering its monthly USD 120bn asset purchase programme

Zurich's view

The fact that both equity and credit markets have performed well despite a number of challenges is encouraging, and we see further upside ahead. The Fed has learned from the Taper Tantrum of 2013 and is giving investors plenty of warning that the time is approaching to reduce the pace of stimulus. With risk assets close to record levels and bond yields depressed, this seems a prudent move.

Bond yields have bounced off recent lows as technical issues abate and strong growth and elevated inflation come back into focus. We believe yields will rise further, but virus uncertainty and the slowing in the rate of global growth could disrupt this. Credit spreads seem poised for further tightening. US investment grade (IG) has been under some pressure on the back of heavy supply during the holiday period, but this is expected to fade as investors return to the market and trading picks up. The drivers of developed market equities remain strong, and we believe that the prospect of US tapering has been digested, allowing for additional gains. Emerging markets face the challenges of rising rates in many countries, still rampant Covid, and regulatory uncertainty in China.

	Key developments	Zurich's view
Global	• Global growth eases from a high level as reopening effects diminish and renewed lockdowns weigh on activity in some regions • Price pressures appear to be peaking as some key input prices stabilise and base effects become more favourable • A hawkish shift among central banks will help to keep inflation in check	Global growth is easing as the reopening boost to services wanes and a resurgence in Covid infections has disrupted activity in Asia. Nonetheless, underlying growth drivers, including excess savings and a rebuilding of depleted inventories, remain in place and growth should stay well above trend in H2. Price pressures are intense, particularly at the producer level, but some key input prices appear to have peaked and base effects are becoming more favourable. Global central banks remain dovish, but a hawkish shift is underway, with further rate hikes in EMs forthcoming. Bond yields appear to have found a bottom after falling precipitously. While we believe the direction is up, uncertainty is high, and yields may remain subdued for the time being.
US	• Business activity remains strong despite ongoing supply chain and labour market bottlenecks • High inflation weighs on consumer sentiment with retail sales softening in July • The Fed is slowly moving closer to tapering its asset purchases	The S&P 500 recovered from a short setback to reach yet another record high, reflecting investors' buy the dip strategy given solid economic fundamentals and abundant liquidity. Business activity remains strong both in manufacturing and services while labour market and supply chain bottlenecks are showing signs of easing. Price pressure remains high, however, and while investors are not worrying much about high inflation rates, rising prices are weighing on consumer sentiment. Retail sales fell in July and buying conditions for vehicles and houses are considered to be the worst in decades according to the University of Michigan's household survey. Given further improvements in the labour market, the Fed is slowly moving towards tapering asset purchases as indicated by the latest Fed minutes and Fed Chair Powell's speech in Jackson Hole.
UK	• Business activity slowed in August due to staff shortages and supply chain issues • Inflation softened in July, but is likely to reaccelerate in the coming months • The BoE provides more details on its path towards monetary tightening	The latest PMI survey points to a further deceleration in business activity, driven by a marked slowdown in the service sector. Staff shortages and supply chain issues were major reasons for reduced activity, but firms remain optimistic regarding the outlook. Headline inflation decelerated to 2.0% YoY in July and core CPI to 1.8% YoY, both 0.5% lower than in June. The annual numbers are distorted by the re-opening, however, and are likely to pick up again in the coming months. The BoE made no changes to its current policy but provided some details regarding the future path. It intends to reduce the balance sheet in two steps. Once the Bank Rate reaches 0.5% maturing assets will no longer be reinvested. Active sales will follow but not before the Bank Rate has been lifted to at least 1%.
Eurozone	• The Eurozone officially exits recession with growth even stronger than expected • A strong Q2 earnings season sees Eurozone corporate earnings up almost 60% YoY • Forward-looking surveys suggest some moderation in growth, but from a very strong pace and the recovery remains intact	The Eurozone officially exited recession in Q2, with the rebound even stronger than expected (GDP +2.0% QoQ) and momentum continuing into Q3. Admittedly, forward-looking surveys such as the PMI and ZEW have moderated somewhat, suggesting that we have passed peak growth in the region. However, these surveys remain at robust levels. Indeed, it has been encouraging to see the EU Covid vaccine passport scheme allow for travel to take place during the crucial summer tourist season. The ECB has indicated that it will also continue to provide a large amount of monetary accommodation while the NextGenEU initiative is also being gradually rolled out. The biggest risk to the region's economy is therefore external rather than internal.
Switzerland	• Economic growth is brisk, boosted by strong external demand, while the domestic sector should benefit from a pickup in job growth and improving sentiment • Inflation appears to be stabilising at a low level with domestic price and wage pressures remaining benign • The SNB is set to leave policy unchanged for the foreseeable future, though measures to contain the housing markets are expected	Economic conditions are very favourable, and both the industrial sector and services are expanding at a brisk pace. Although global growth is slowing, global goods demand is resilient and businesses are restocking inventories, which should underpin strong external demand for the time being. Domestic demand should be firm, particularly as job growth is strengthening, helping to boost income and sentiment. Inflation has stabilised following a sharp rise in H1, with underlying measures benign. The SNB is expected to leave monetary policy unchanged for the foreseeable future, with rates on hold and continued forex interventions, while a reactivation of the countercyclical capital buffer to contain housing market pressure is likely.

	Key developments	Zurich's view
Japan	• Delta Covid infections surge to record highs, with hospitals facing capacity constraints • PM Suga will be challenged in the LDP leadership elections • Japanese equities and the USDJPY meander sideways	New Delta Covid infection cases have surged to record highs. While fatalities did not spike in tandem as the vaccination rate among the elderly is high, public hospitals are facing severe capacity limits. This has contributed to PM Suga's support rate falling further in public polls, with LDP leadership elections scheduled for September 29. Mobility data suggest that consumption deteriorated again following the Olympic induced spike. The manufacturing sector continues to face supply chain issues, with Japan's leading auto manufacturer announcing significant production cuts not only due to chip supply problems in Taiwan, but also auto parts supply issues in various ASEAN countries due to surging Covid cases. Japanese equities have trended sideways both absolutely and relative to global equities.
China	• Severe lockdown measures keep Delta variant infections in check • Credit constraints hit infrastructure and property investments • Chinese equities are hit by the regulatory crackdowns on major internet companies	The surge in China's Delta variant has receded following draconian lockdown measures in various provinces, which negatively impacted services consumption in particular while the partial closure of one of China's major harbours hit foreign trade. Credit constraints slowed down infrastructure and property investments and the credit impulse crept further into negative territory. Q3 growth will suffer, though both monetary and fiscal stimulus are expected to kick in to stabilise growth in Q4. Chinese stocks continue to suffer following an expansion of the regulatory crackdown, while the Communist Party is putting the 'Common Prosperity' target into the limelight. New derivative products on the MSCI China A50 Connect index will likely increase foreign interest in domestic 'A'-shares.
Australia	• Despite lockdowns, Covid cases continue to rise while vaccination rates increase steadily • Economic activity slows noticeably given lockdowns in key states • The equity market experiences some volatility, but the underlying trend remains resilient	Despite lockdowns, Sydney continues to experience a spike in new Covid cases. Victoria has announced another state-wide lockdown, raising worries about a severe impact on the economy in Q3. Indeed, July data reveal some cracks, notably in the consumer sector. The August Flash Services PMI fell further from 44.2 to 43.3, while retail sales contracted by 2.7% MoM in July, driven by a steep fall in café and restaurant sales. While Q3 has been challenging, the recovery in Q4 is likely to be swift, bolstered by pent-up demand. Yet much still depends on vaccination rates as well as social restrictions. The equity market is showing fatigue, reflecting concerns over the state of the economy. However, we suspect investors will look through this tough period while the RBA might delay its September tapering of QE.
ASEAN	• Covid infection curves in Indonesia and Thailand show signs of flattening, but the rest of ASEAN continues to struggle • Supply disruptions are visible due to lockdowns in various countries • Regional stocks are underperforming global equities	New Covid cases have trended down in Indonesia and Thailand, raising hopes that the virus spread will eventually slow. While all countries have stepped up their vaccine rollout efforts, supply constraints mean ASEAN vaccination rates will only reach major milestones in 2022. Q2 GDP painted a fragile economic picture, with several countries reporting negative QoQ growth. Q3 should show deeper negative figures as lockdowns have become more draconian. The situation in Malaysia and Vietnam remains critical. Factory closures in Vietnam and chip production shortages in Malaysia have intensified supply disruptions. Given tapering talks in the US and lagging vaccination progress, ASEAN equity performance is likely to be lacklustre while foreign capital inflow remains weak.
LatAm	• Growth remains supported by a strong recovery, but inflation continues to remain a threat, forcing central banks to be more hawkish • Fiscal uncertainty increased in Brazil and Chile as their governments announce new fiscal spending, pushing sovereign yields higher • MSCI LatAm falls for the second month in a row, driven by Brazil; currency performances were mixed, with an appreciation in the BRL and depreciation in the MXN and CLP	The government has failed to persuade Congress to approve the tax reform in Brazil, and polls show the government's approval rating at its lowest levels. The President sent Congress a bill with the new social program, which will have more beneficiaries than the previous one and raise cash transfer by more than 50%, increasing fiscal uncertainty regarding compliance with the spending cap. Inflation expectations continued to rise despite the 100bps increase in the Selic rate to 5.25% and the new guidance to move the Selic above its neutral level. The equity market fell in Brazil, driven by fiscal and political uncertainty. Mexico continues its good performance, and Chile recovers after four months of declines despite political uncertainty and discussion around a fourth withdrawal of pension funds.

Appendix 1

Valuation snapshot (MSCI Indices)

Current trailing valuations

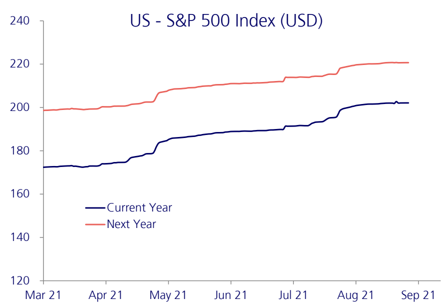
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	29.14	24.17	23.83	21.91	20.61	20.18	15.80	11.27	16.16
12m Trailing P/B	4.90	2.25	1.85	3.56	1.47	2.02	1.93	2.26	2.14
12m Trailing P/CF	21.95	8.87	5.34	12.58	10.55	10.55	8.40	4.96	7.49
Dividend Yield	1.32	2.08	3.32	2.47	2.09	2.00	1.60	3.29	2.26
ROE	16.80	9.29	7.75	16.26	7.11	10.00	12.24	20.02	13.23

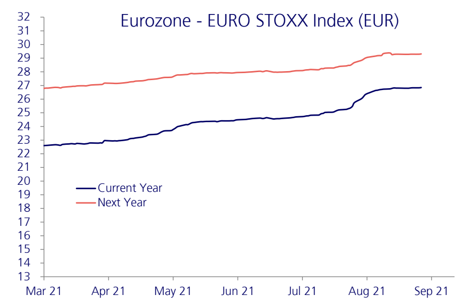
Current trailing valuations relative to MSCI world

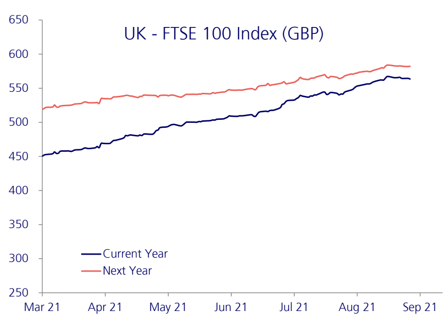
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.15	0.96	0.94	0.87	0.82	0.80	0.63	0.45	0.64
12m Trailing P/B	1.61	0.74	0.61	1.17	0.48	0.66	0.64	0.74	0.70
12m Trailing P/CF	1.70	0.69	0.41	0.98	0.82	0.82	0.65	0.39	0.58
Dividend Yield	0.78	1.23	1.96	1.46	1.23	1.18	0.94	1.94	1.33
ROE	1.39	0.77	0.64	1.35	0.59	0.83	1.01	1.66	1.10

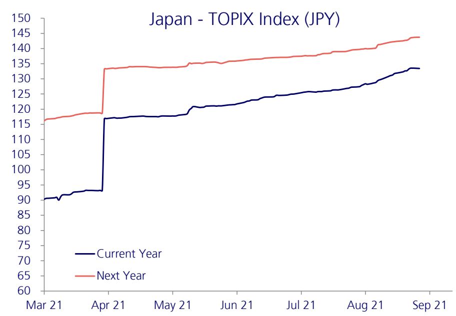
Source: Datastream

Earnings estimates - Full fiscal years



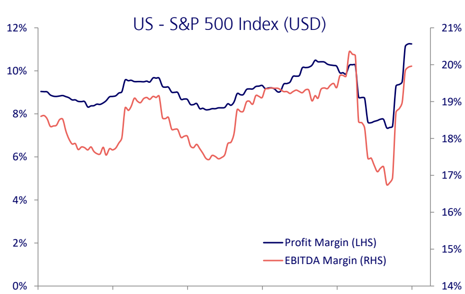


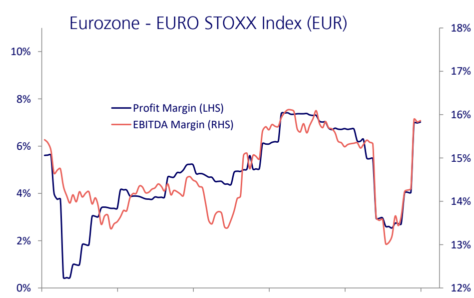


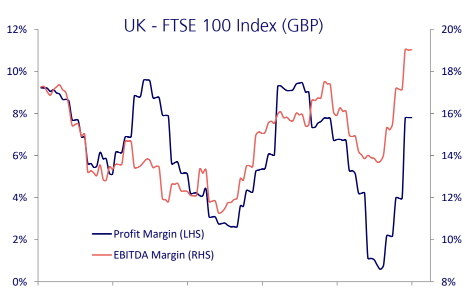


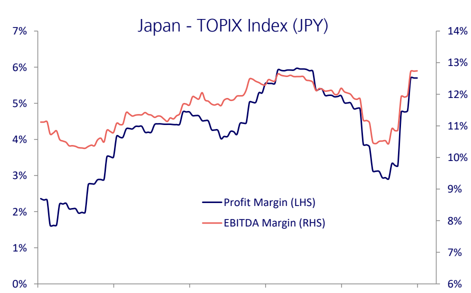
Source: Bloomberg

Historical margins





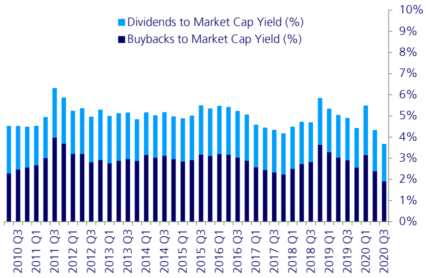




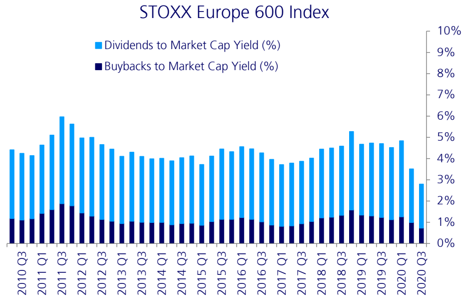
Source: Bloomberg

Dividends and shares buybacks

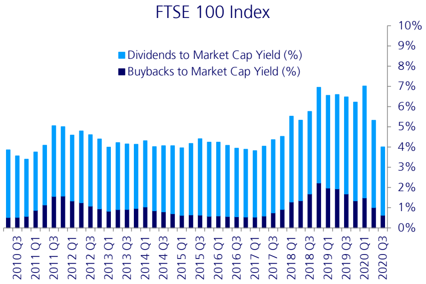
S&P 500 Index



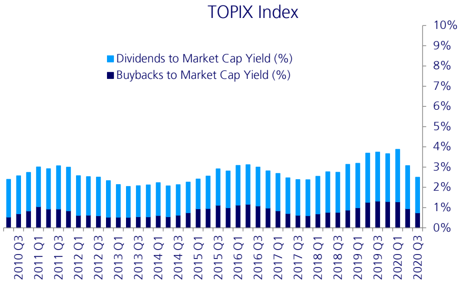
STOXX Europe 600 Index



FTSE 100 Index



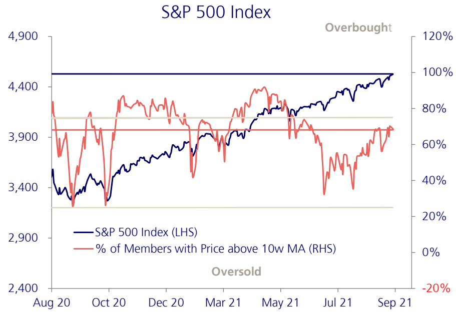
TOPIX Index



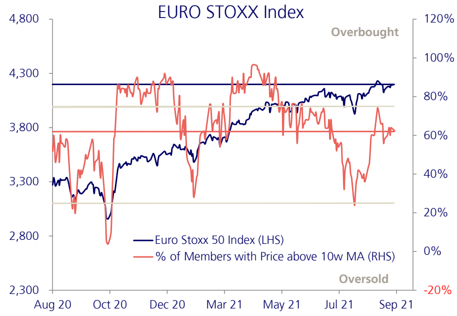
Source: Bloomberg

Overbought / Oversold

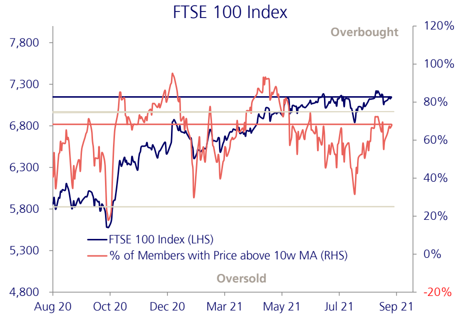
S&P 500 Index



EURO STOXX Index



FTSE 100 Index



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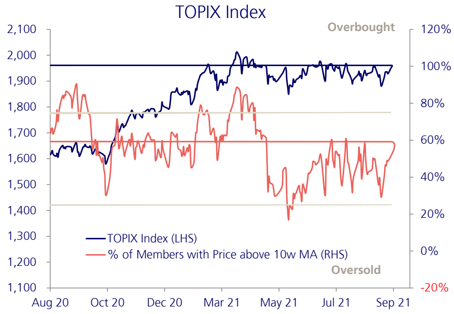
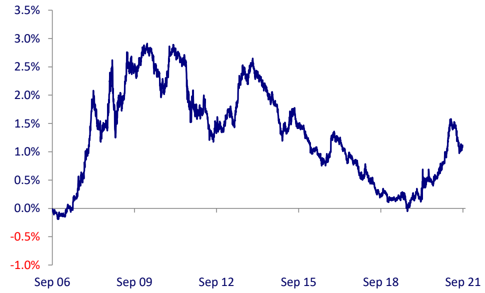


Source: Bloomberg

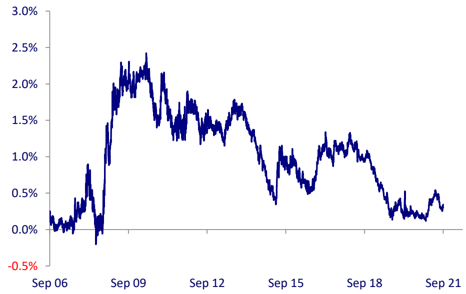
Appendix 3

Yield Curve Steepness (2yr-10yr)

US



Germany



Japan

UK

Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Sep-21	1m ago	3m ago	1yr ago
UK	-60	-66	-78	-37
Germany	-170	-168	-181	-109
Switzerland	-164	-160	-176	-109
Japan	-130	-120	-154	-62
Australia	-8	-4	4	30
China	150	163	146	240
South Korea	59	64	57	90
Malaysia	188	195	160	190
Indonesia	476	507	479	619
Thailand	25		23	75
Philippines	274	n/a	n/a	n/a
Brazil	918	n/a	n/a	n/a
Mexico	566	567	507	539
Colombia	589	n/a	n/a	n/a
Peru	475	495	327	334

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Sep-21	1m ago	3m ago	1yr ago
France	35	36	36	30
Netherlands	13	13	14	12
Belgium	33	34	33	26
Austria	23	25	23	18
Ireland	39	40	39	35
Italy	109	108	108	146
Spain	72	73	65	82
Portugal	59	63	65	83

Source: Bloomberg, ZIG

Economic data

US	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Trend*
ISM Manufacturing (Index)	55.6	55.7	58.8	57.7	60.5	58.7	60.8	64.7	60.7	61.2	60.6	59.5		down
ISM Non-Manufacturing (Index)	57.2	57.2	56.2	56.8	57.7	58.7	55.3	63.7	62.7	64.0	60.1	64.1		up
Durable Goods (% MoM)	2.0	1.6	1.0	2.2	1.5	2.4	1.3	1.3	-0.7	3.2	0.8	-0.1		up
Consumer Confidence (Index)	86.3	101.3	101.4	92.9	87.1	87.1	95.2	114.9	117.5	120.0	128.9	125.1	113.8	up
Retail Sales (% MoM)	3.2	6.0	5.6	3.8	2.3	9.4	6.5	29.7	53.4	28.0	18.7	15.8		down
Unemployment Rate (%)	8.4	7.8	6.9	6.7	6.7	6.3	6.2	6.0	6.1	5.8	5.9	5.4		down
Avg Hourly Earnings YoY (% YoY)	4.9	4.6	4.5	4.7	5.5	5.3	5.2	4.6	1.2	2.4	3.8	4.7		down
Change in Payrolls ('000, MoM)	1583.0	716.0	680.0	264.0	-306.0	233.0	536.0	785.0	269.0	614.0	938.0	943.0		up
PCE (% YoY)	1.5	1.6	1.4	1.4	1.5	1.5	1.5	2.0	3.1	3.5	3.6	3.6		up
GDP (%, QoQ, Annualized)		33.8			4.5			6.3			6.6			

UK	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Trend*
PMI Services (Index)	58.8	56.1	51.4	47.6	49.4	39.5	49.5	56.3	61.0	62.9	62.4	59.6	55.5	down
Consumer Confidence (Index)	-27.0	-25.0	-31.0	-33.0	-26.0	-28.0	-23.0	-16.0	-15.0	-9.0	-9.0	-7.0	-8.0	up
Unemployment Rate (%)	4.5	4.8	5.0	5.1	5.2	5.1	5.0	4.9	4.8	4.8	4.7			down
CPI (% YoY)	0.2	0.5	0.7	0.3	0.6	0.7	0.4	0.7	1.5	2.1	2.5	2.0		up
GDP (% YoY)		-8.5			-7.3			-6.1			22.2			

Eurozone	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Trend*
PMI Manufacturing (Index)	51.7	53.7	54.8	53.8	55.2	54.8	57.9	62.5	62.9	63.1	63.4	62.8	61.5	down
PMI Services (Index)	50.5	48.0	46.9	41.7	46.4	45.4	45.7	49.6	50.5	55.2	58.3	59.8	59.7	up
IFO Business Climate (Index)	91.5	92.9	92.6	91.2	92.7	90.7	92.8	96.8	96.7	99.3	101.8	100.7	99.4	up
Industrial Production (% MoM)	0.8	0.2	2.6	2.0	0.0	1.0	-1.2	0.6	0.7	-1.1	-0.3			down
Factory Orders GE (% MoM)	4.5	2.0	3.5	2.8	-1.8	0.8	1.9	2.8	1.2	-3.2	4.1			down
Unemployment Rate (%)	8.6	8.5	8.3	8.1	8.1	8.2	8.2	8.1	8.1	8.0	7.7			down
M3 Growth (% YoY, 3 months MA)	9.5	10.4	10.5	11.0	12.3	12.5	12.2	10.0	9.2	8.5	8.3	7.6		down
CPI (% YoY)	-0.2	-0.3	-0.3	-0.3	-0.3	0.9	0.9	1.3	1.6	2.0	1.9	2.2	3.0	up
Core CPI (% YoY)	0.4	0.2	0.2	0.2	0.2	1.4	1.1	0.9	0.7	1.0	0.9	0.7	1.6	up
GDP (% QoQ)		12.4			-0.6			-0.3			2.0			

Switzerland	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Trend*
KOF Leading Indicator (Index)	106.9	109.9	106.4	103.9	104.3	96.6	102.5	117.7	136.2	143.7	133.5	130.9	113.5	down
PMI Manufacturing (Index)	51.0	52.8	52.9	54.5	57.3	59.4	61.3	66.3	69.5	69.9	66.7	71.1		up
Real Retail Sales (% YoY)	4.5	2.4	5.5	2.8	5.6	-1.1	-7.0	23.3	38.7	2.8	0.1			down
Trade Balance (Billion, CHF)	3.5	3.0	3.9	4.5	2.8	5.0	3.7	5.7	3.7	4.8	5.5	5.2		up
CPI (% YoY)	-0.9	-0.8	-0.6	-0.7	-0.8	-0.5	-0.5	-0.2	0.3	0.6	0.6	0.7		up

Japan	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Trend*
Nomura Manufacturing PMI (Index)	47.2	47.7	48.7	49.0	50.0	49.8	51.4	52.7	53.6	53.0	52.4	53.0	52.7	down
Machine Orders (% YoY)	-15.2	-11.5	2.8	-11.3	11.8	1.5	-7.1	-2.0	6.5	12.2	18.6			up
Industrial Production (% YoY)	-14.0	-9.1	-3.4	-4.1	-2.9	-5.3	-2.0	3.4	15.8	21.1	23.0	11.6		up
ECO Watchers Survey (Index)	43.3	48.7	53.6	46.1	36.5	30.1	40.7	49.5	39.4	36.4	45.4	47.7		down
Jobs to Applicants Ratio (Index)	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2		up
Labour Cash Earnings (% YoY)	-1.3	-0.9	-0.7	-1.8	-3.0	-1.3	-0.4	0.6	1.4	1.9	0.1			up
Department Store Sales (% YoY)	-22.0	-33.6	-1.7	-14.3	-13.7	-29.7	-10.7	21.8	167.0	65.2	-1.6	4.2		down
Money Supply M2 (% YoY)	8.6	9.0	9.0	9.1	9.1	9.4	9.6	9.4	9.2	7.9	5.8	5.2		down
CPI Ex Food & Energy (% YoY)	-0.4	-0.3	-0.4	-0.4	-0.5	0.1	0.1	0.0	-1.2	-1.1	-1.1	-0.8		down
Exports (% YoY)	-14.8	-4.9	-0.2	-4.2	2.0	6.4	-4.5	16.1	38.0	49.6	48.6	37.0		up

China	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Trend*
PMI Manufacturing (Index)	51.0	51.5	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	50.1	down
Industrial Production (% YoY)	5.6	6.9	6.9	7.0	7.3			14.1	9.8	8.8	8.3	6.4		down
Retail Sales (% YoY)	0.5	3.3	4.3	5.0	4.6			34.2	17.7	12.4	12.1	8.5		down
PPI (% YoY)	-2.0	-2.1	-2.1	-1.5	-0.4	0.3	1.7	4.4	6.8	9.0	8.8	9.0		up
Exports (% YoY)	9.1	9.4	10.9	20.6	18.1	24.6	154.7	30.5	32.2	27.8	32.2	19.3		down
CPI (% YoY)	2.4	1.7	0.5	-0.5	0.2	-0.3	-0.2	0.4	0.9	1.3	1.1	1.0		up
RRR (%)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.0	12.0	down
GDP (% YoY)		4.9			6.5			18.3			7.9			down
PMI Non Manufacturing (Index)	51.0	51.5	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	50.1	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Appendix 5

Economic data

Australia	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Trend*
AiG Manufacturing (Index)	49.3	46.7	56.3	52.1	55.3	55.3	58.8	59.9	61.7	61.8	63.2	60.8	51.6	down
AiG Service (Index)	42.5	36.2	51.4	52.9	54.3	54.3	55.8	58.7	61.0	61.2	57.8	51.7		down
Westpac Consumer Confidence (% MoM)	-9.5	18.0	11.9	2.5	4.1	-4.5	1.9	2.6	6.2	-4.8	-5.2	1.5	-4.4	down
Building Approvals (% YoY)	4.0	10.2	21.5	20.0	20.5	25.3	24.4	53.7	46.0	54.5	51.6	21.5		up
Employment Change ('000, MoM)	147.8	-45.6	161.1	88.2	37.9	25.6	76.6	69.3	-30.7	115.2	29.1	2.2		up

Brazil	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Trend*
CPI (% YoY)	2.4	3.1	3.9	4.3	4.5	4.6	5.2	6.1	6.8	8.1	8.4	9.0		up
Industrial Production (% YoY)	-2.7	-2.4	3.8	0.3	2.6	8.3	2.4	0.3	10.5	34.7	24.0	12.0		up
Retail Sales (% YoY)	5.5	6.2	7.3	8.4	3.6	1.3	-0.4	-3.9	2.2	23.7	15.9	6.3		up
Trade Balance (Millions, USD)	5818.6	5083.4	4404.0	2488.3	2703.1	-206.9	1832.2	6423.9	9872.8	8610.4	10436.8	7388.8		up
Budget Balance Primary (Billions, BRL)	-121.9	-103.4	-30.9	-20.1	-75.8	17.9	-41.0	-44.5	30.0	-37.4	-75.6	-55.4		down

Chile	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Trend*
IMACEC Economic Activity Index (% YoY)	-10.90	-4.76	-0.92	0.98	-0.07	-2.93	-2.08	5.77	14.05	18.10	20.14			up
CPI (% YoY)	2.45	3.09	2.95	2.73	2.97	3.12	2.85	2.88	3.32	3.65	3.80	4.54		up
Retail Sales (% YoY)	10.41	19.79	24.80	9.67	5.87	3.67	23.46	43.26	72.06	64.89	62.16			down
Industrial Production (% YoY)	-4.88	1.95	3.54	-0.42	-3.61	-2.40	-3.40	2.90	5.10	3.50	6.00	4.83		up
Unemployment (%)	12.90	12.30	11.60	10.80	10.30	10.20	10.30	10.40	10.20	10.00	9.50	8.90		down

Mexico	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Trend*
PMI (Index)	45.6	46.8	49.7	49.0	48.7	49.6	49.8	51.0	51.4	52.3	52.2	52.2		up
CPI (% YoY)	4.1	4.0	4.1	3.3	3.2	3.5	3.8	4.7	6.1	5.9	5.9	5.8		up
Retail Sales (% YoY)	-10.8	-7.1	-7.1	-5.1	-5.9	-7.6	-6.3	2.5	30.1	29.7	17.7			up
Indutrial Production (% YoY)	-9.3	-3.1	-1.3	-2.2	2.5	-3.4	-4.7	6.3	52.0	48.1	16.3			up
Remittances (Millions, USD)	3574.2	3570.4	3601.7	3387.3	3646.2	3287.4	3170.7	4157.3	4048.3	4514.6	4440.0			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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