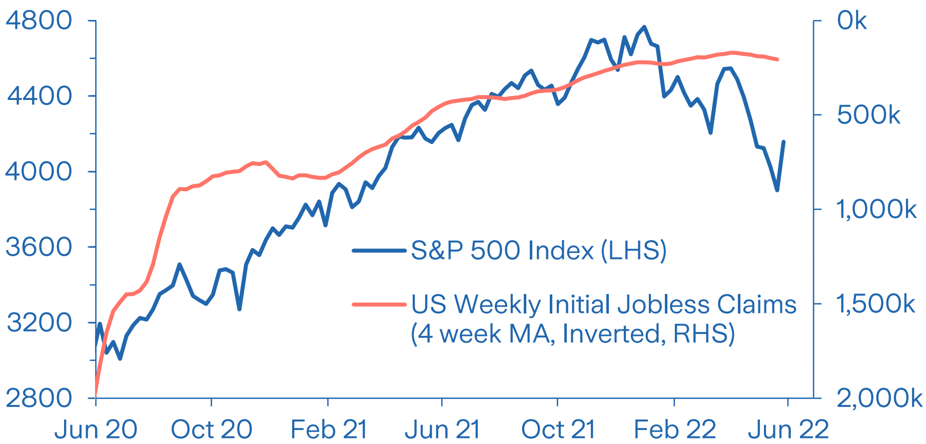
Monthly Investment Insights

1 June 2022

Near-term investor recession fears appear overdone



Source: Bloomberg

We think that investor sentiment has become overly bearish and that equity markets have gone too far in terms of pricing in near-term recession risks. May was another volatile month for global equity markets, with the US S&P 500 recently experiencing its longest series of weekly declines since 2001 before rebounding towards the end of the month.

Central banks around the world such as the US Federal Reserve (the Fed), the Bank of England and the Reserve Bank of Australia continued to raise interest rates. In fact, the Fed hiked rates by 50bps in early May, its first half-point rate increase since 2000. Even the ECB has indicated that it plans to raise interest rates in July, the first time since 2011, and to exit negative interest rates by the end of Q3. With central banks in tightening mode, inflation and geo-political risks high, and some economic data showing signs of softening, investor jitters are understandable. However, we think that recession risks are much higher for the second half of 2023 than they are for 2022.

In the US, although housing market data have weakened recently, other economic indicators and business surveys such as employment growth, weekly jobless claims and the ISM survey are still consistent with a growing economy. Even in the Eurozone, the latest business surveys point to growth despite all the headwinds that the region is facing.

In China, although the macro data have been extremely weak recently due to the authorities zero-Covid approach, more stimulus measures have been announced that should gradually help boost activity in the second half of the year, and Covid cases appear to be peaking (though risks remain). In LatAm, economic indicators have actually been surprisingly positive as the region is benefitting from high commodity prices.

With investor sentiment so bearish, a further bounce in risk assets seems likely. For a more sustained move higher, further indications from the Fed that it might be flexible with respect to the size and pace of future rate hikes would help, as would clearer evidence of inflation peaking. The recently released Fed minutes indicated that it may be more so inclined after summer, with the possibility of only a 25bp rate increase in September being discussed and possibly even a pause in the rate-hiking cycle. Some inflation indicators in the US have also moderated recently, though it is still early on this front. Overall, while volatility will likely remain high, we think a modest overweight position towards risk assets is appropriate.

Market Assessment

Key developments

- The US S&P 500 Index experiences its longest series of weekly declines since 2001
- Risk assets rebound at the end of May as sentiment becomes too pessimistic
- Meanwhile, central banks across the world continue to raise rates

Zurich's view

The recent bounce in risk assets could have further to go, though we would only take a moderate amount of risk given that the headwinds of high inflation, softening macro data, central bank tightening and geopolitics will remain present for some time.

The recent moves in core government bond yields brings them more into line with economic fundamentals in our view, and yields are expected to stabilise around current levels.

Meanwhile, credit markets are seeing tentative signs of a turn with spreads becoming resilient to equity volatility and gapping tighter recently, especially in the US. The spread tightening seen in US High Yield and even CCC-rated segments last week, for example, was the largest in 18 months.

We think this is indicative of investor positioning having become too light given the widespread pessimism, though admittedly outflows continue for now.

	Key developments	Zurich's view
Global	• Global growth is slowing given significant headwinds, but the private sector is in good shape with near-term resilience expected • Inflation remains elevated. Rising food prices add to price pressures, triggering further rate hikes • Government bond yields stabilise as growth headwinds intensify, and a further steep rise is not expected	Global growth is moderating with a slump in China and softer growth in many other regions. Services activity has normalised after the post-pandemic bounce and manufacturing remains challenged by supply disruptions and price pressures, amplified by war and lockdowns in China. Inflation is intense, particularly in Europe, with food prices adding to energy and goods price inflation. As a result, central banks have accelerated policy tightening further, with surprise hikes in Asia and Europe. Financial conditions have tightened notably and the impact is becoming visible, particularly in softer housing market activity. Government bond yields have stabilised as investor focus has shifted towards the weakening growth outlook. While we do not expect a further steep rise in yields, volatility is likely to remain high, reflecting a tug of war between growth concerns and inflation fears.
US	• The Fed lifts rates by 50bps, the biggest step since 2000, and signals further such hikes at coming meetings • Both headline and core inflation rates ticked down in April, but remain far above target • The S&P 500 suffered the longest streak of weekly losses in more than two decades	The Fed lifted the fed funds target rate by 50bps to a range of 0.75%–1%, the first step of this size since 2000. While Jerome Powell noted that a faster pace of rate hikes is unlikely, he also pointed out that more tightening is needed. We expect further rate hikes in the coming months but still believe that the Fed will not be able to lift rates as much as markets currently expect. Both verbal and actual tightening are having a clear impact on economic activity. Annual inflation rates ticked down in April and the labour market is showing signs of cooling. It was a turbulent period for the S&P 500 with the longest streak of weekly losses in more than two decades. Finally, bond yields also fell back from their recent levels, reflecting growth worries and early signs that price pressure is fading.
UK	• Business activity slows markedly as price pressure intensifies • The Bank of England continues to hike rates despite a gloomier outlook • The FTSE 100 continues to show resilience in a very volatile market environment	Inflation rates accelerated further in April with headline CPI inflation reaching 9% YoY, fuelled by the jump in energy prices as the regulator lifted its price cap. Core inflation rose less markedly but rising living costs continue to weigh on households' minds with the consumer confidence index falling to the lowest level on record. Rising input costs together with supply issues and labour shortages also created headwinds for the business sector with the Composite PMI signalling a marked slowdown in activity, driven by a weaker service environment. Meanwhile, the UK stock market showed resilience despite the gloomier outlook and fared significantly better than most of its peers, benefitting from high commodity prices, a weaker pound, and relatively attractive valuations.
Eurozone	• The ECB reveals plans to raise interest rates in July and then again in September so as to exit negative interest rates by the end of Q3 • Economic data are still consistent with growth despite the various headwinds impacting the Eurozone economy • Inflation remains at record highs with the main contributions coming from energy and food prices	Headline inflation was 8.1% in May and core inflation was also well above the ECB's 2% target. While a large part of high inflation is due to energy and food prices, an extremely accommodative monetary policy no longer seems appropriate. Indeed, the ECB has indicated that it plans to raise interest rates at its July and September policy meetings. We do not think such a tightening in financial conditions will push the region into recession by itself, and an exit from negative interest rates would actually be welcome. Meanwhile, the S&P Eurozone Composite flash PMI for May points to continuing growth despite the Russian invasion of Ukraine and the associated spike in commodity prices. Going forward a lot will depend upon whether natural gas flows into Europe continue, but so far this appears to be the case.
Switzerland	• Economic growth is moderating but should remain resilient, with brisk services activity offsetting a more challenging external backdrop • Inflation is rising further while domestic price pressures and wage growth remain benign • A more hawkish ECB raises the odds of a 2022 SNB rate hike despite more favourable inflation dynamics and a strong currency	Economic activity has been resilient so far, but leading indicators now point to a moderation in growth momentum, consistent with declining investor and household sentiment and a weaker backdrop for global trade. CPI inflation has risen to the highest levels since 2009, led by energy and imported goods price inflation, while domestic price pressures remain muted. The SNB has maintained a dovish stance so far, but a hawkish tilt by the ECB, which is now expected to hike rates in July, has increased the odds of an SNB rate hike towards the end of 2022. That said, we expect the SNB to remain relatively dovish given the ongoing strength of the currency and a much more benign inflation backdrop than in the rest of Europe.

	Key developments	Zurich's view
Japan	• Consumption is slowly recovering from the Omicron induced slump • Auto and electronic parts production still suffer from supply chain issues • Japanese equities have outperformed global equities since mid-April	Japan's economic recovery remains patchy as supply chain issues continue to hit manufacturing industries, particularly the auto sector. Industrial production fell in April, with autos as well as electronic parts and devices severely impacted. Companies are expecting a strong rebound in May and June, but these forecasts can be too optimistic. Though retail spending has recovered above pre-pandemic levels, the recovery pales in volume terms. Services consumption is likely to rebound following an improvement on the Covid front and capital spending remains brisk. The USDJPY surge took a breather in May but seems to be picking up steam again while Japanese core equity indices remain rangebound. Japanese equities have, however, outperformed global equities since mid-April.
China	• New Omicron cases are receding, with Shanghai reopening following a severe lockdown • The economy is likely to barely grow in Q2, with strong policy support needed in H2 • Equity markets stabilised in May, both in absolute terms and relative to global equities	China's dynamic zero-Covid policy, which saw severe lockdowns in major cities like Shanghai and mass testing, has incurred a heavy toll on the economy, with growth plummeting in Q2. While PMIs for May are recovering, they remain in contractionary territory, with the exception of large manufacturing companies. Strong stimulus is needed in H2 to lift the economy out of the doldrums. The Politburo's decision to spur growth, the State Council's national fiscal activity plan with 33 measures, as well as Shanghai's 50 measures plan are pointing in the right direction. Both the labour market as well as the property sector need urgent support. Investors have become more confident in Chinese equities with the MSCI China stabilising both in absolute and relative terms to global equities.
Australia	• The RBA hikes rates by 25bps to 0.35%, with a 40bp hike expected for June • The moderate Labour party has defeated the incumbent and fiscally conservative coalition • Unemployment rate falls to a record low of 3.9%	In Australia, the RBA increased policy rates by 25bps in May and highlighted concerns around the inflationary impact of supply chain disruptions and the strength of the labour market. Australian unemployment declined to a record of low 3.9% and is expected to decline further with a high job vacancy rate. We expect the RBA will hike rates further by 40bps in June to ease domestic inflation pressures, probably leading to a fall in leading economic indicators such as consumer confidence. The Australia Labor party, which recently won the federal election, is likely to slightly increase spending on childcare, aged care, and Medicare. The Australian equity market reacted negatively to the more hawkish RBA, falling by 2% in May.
ASEAN	• Q1 GDP growth resilient at mid-single digits • Malaysia and Philippines start hiking policy rates, while Indonesia remains on hold • Inflationary pressures are building	ASEAN economies continue to be resilient as Q1 GDP data released in May show mid-single digit growth rates. While Malaysia and the Philippines commenced their tightening cycle, with policy rates increasing by 25bps to 2% and 2.25% respectively, Indonesia maintained its policy rate at 3.5% in May, though we expect Bank Indonesia to deliver its first hike in June. In Malaysia, headline CPI for April inched up to 2.3%, driven by food inflation. We expect strong demand to increase inflationary pressures into Q3 with the economy reopening to international travel, private consumption gathering pace and strong industrial production picking up steam. Volatile ASEAN equity markets marked a two-year trough but have recovered.
LatAm	• The MSCI LatAm Index decoupled from the global markets, showing a positive performance • Brazil is one of the few markets where GDP forecasts are being revised higher on improvements across the economy • The Constitutional Convention in Chile delivered the first draft of the new Constitution, and now they are moving to the fine-tuning phase	Despite the global equity market uncertainty, LatAm showed a positive performance in May, mainly explained by Chile. The IPSA Index moved up 12%, boosted by the materials sector. Chile is also the best-performing equity market YTD globally, accumulating a performance of around 25%. In Brazil, economic activity continues to surprise to the upside. Consumption has shown resilience despite high inflation while the labour market improves. The service sector showed a robust and broad-based performance, with the Service PMI reaching a historically high level. In Chile, the first draft of the new constitution was released. In the next step, which should not lead to any major changes, the text will be reviewed to make it consistent and coherent among its different chapters.

Valuation snapshot (MSCI Indices)

Current trailing valuations

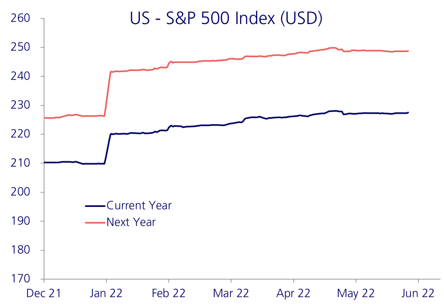
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	21.11	16.08	14.08	18.55	14.37	15.03	13.46	5.93	14.65
12m Trailing P/B	4.22	2.00	1.84	3.35	1.36	1.74	1.40	1.70	2.05
12m Trailing P/CF	15.33	7.77	8.13	11.48	8.76	8.74	7.58	5.61	6.69
Dividend Yield	1.50	2.82	3.76	2.62	2.36	2.70	2.24	9.55	2.89
ROE	19.99	12.42	13.09	18.05	9.48	11.54	10.41	28.68	13.97

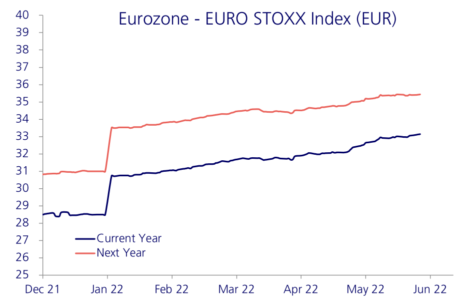
Current trailing valuations relative to MSCI world

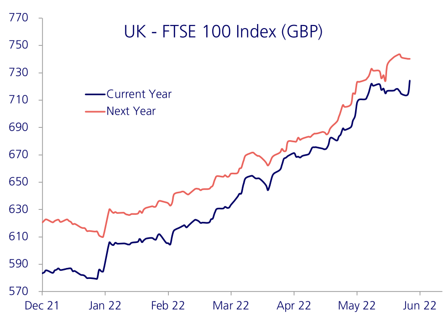
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.17	0.89	0.78	1.03	0.79	0.83	0.74	0.33	0.81
12m Trailing P/B	1.53	0.73	0.67	1.22	0.50	0.63	0.51	0.62	0.74
12m Trailing P/CF	1.33	0.67	0.70	0.99	0.76	0.76	0.66	0.49	0.58
Dividend Yield	0.73	1.37	1.83	1.27	1.15	1.31	1.09	4.65	1.40
ROE	1.31	0.82	0.86	1.19	0.62	0.76	0.68	1.89	0.92

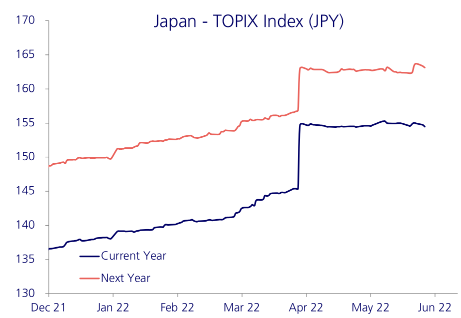
Source: Datastream

Earnings estimates - Full fiscal years



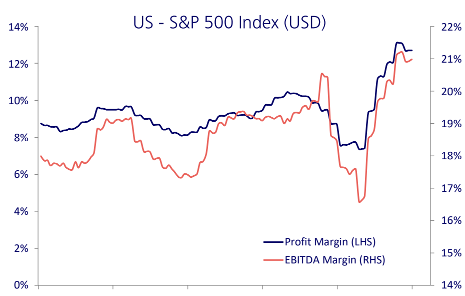


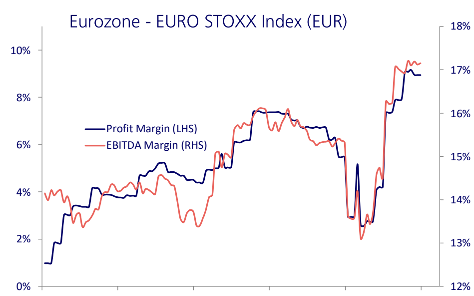


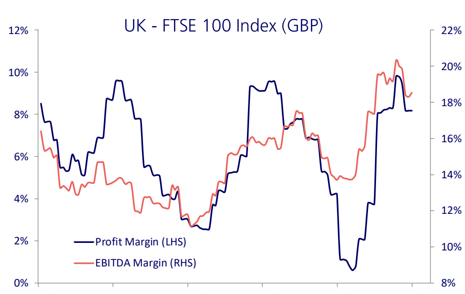


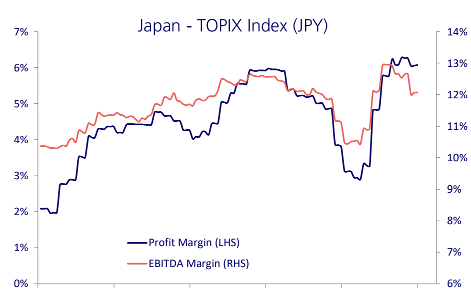
Source: Bloomberg

Historical margins



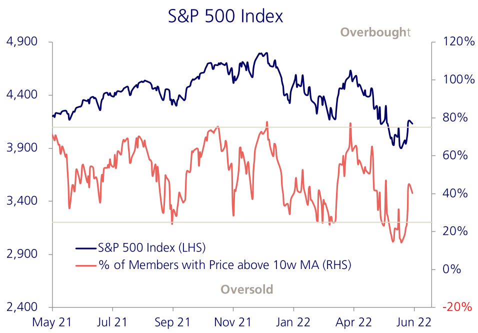


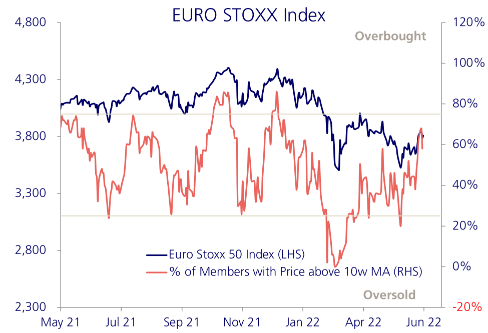


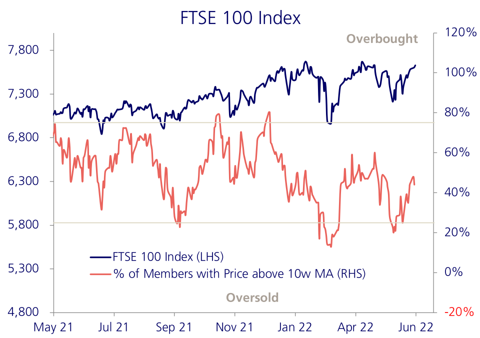


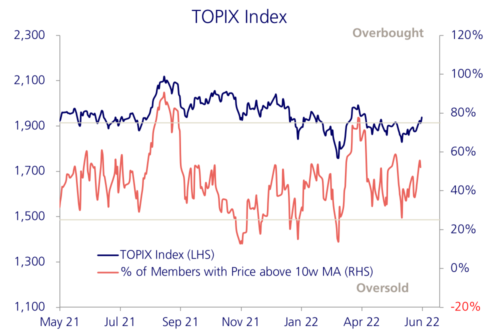
Source: Bloomberg

Overbought / Oversold







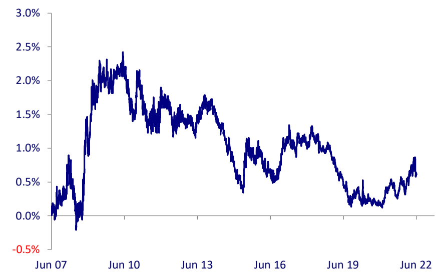


Source: Bloomberg

Yield Curve Steepness (2yr-10yr)

US

Germany



Japan

UK

Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Jun-22	1m ago	3m ago	1yr ago
UK	-77	-103	-54	-78
Germany	-174	-200	-182	-178
Switzerland	-198	-206	-165	-175
Japan	-264	-270	-166	-152
Australia	54	19	32	9
China	-8	-9	100	148
South Korea	45	30	84	58
Malaysia	131	144	183	162
Indonesia	416	405	472	482
Thailand	-3		22	24
Philippines	118	n/a	n/a	n/a
Brazil	968	n/a	986	745
Mexico	577	619	615	498
Colombia	820	738	740	n/a
Peru	465	492	449	322

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Jun-22	1m ago	3m ago	1yr ago
France	52	52	48	36
Netherlands	29	29	25	15
Belgium	60	58	45	32
Austria	56	50	41	23
Ireland	57	67	64	39
Italy	200	184	155	108
Spain	111	104	98	65
Portugal	115	108	84	64

Source: Bloomberg, ZIG

Economic data

US	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Trend*
ISM Manufacturing (Index)	61.6	60.9	59.9	59.7	60.5	60.8	60.6	58.8	57.6	58.6	57.1	55.4		down
ISM Non-Manufacturing (Index)	63.2	60.7	64.1	62.2	62.6	66.7	68.4	62.3	59.9	56.5	58.3	57.1		down
Durable Goods (% MoM)	2.1	1.8	0.4	1.6	-1.5	1.5	1.4	0.9	3.1	-0.7	0.6	0.4		down
Consumer Confidence (Index)	120.0	128.9	125.1	115.2	109.8	111.6	111.9	115.2	111.1	105.7	107.6	108.6	106.4	down
Retail Sales (% MoM)	28.4	19.4	15.8	15.7	14.3	16.5	18.6	16.8	13.7	17.7	7.3	8.2		down
Unemployment Rate (%)	5.8	5.9	5.4	5.2	4.7	4.6	4.2	3.9	4.0	3.8	3.6	3.6		down
Avg Hourly Earnings YoY (% YoY)	2.8	4.1	5.1	5.2	5.9	6.4	6.5	6.2	6.7	6.7	6.6	6.4		up
Change in Payrolls ('000, MoM)	447.0	557.0	689.0	517.0	424.0	677.0	647.0	588.0	504.0	714.0	428.0	428.0		down
PCE (% YoY)	3.5	3.6	3.6	3.6	3.7	4.2	4.7	4.9	5.1	5.3	5.2	4.9		up
GDP (%, QoQ, Annualized)		6.7			2.3			6.9			-1.5			

UK	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Trend*
PMI Services (Index)	62.9	62.4	59.6	55.0	55.4	59.1	58.5	53.6	54.1	60.5	62.6	58.9	51.8	up
Consumer Confidence (Index)	-9.0	-9.0	-7.0	-8.0	-13.0	-17.0	-14.0	-15.0	-19.0	-26.0	-31.0	-38.0	-40.0	down
Unemployment Rate (%)	4.8	4.7	4.6	4.5	4.3	4.2	4.1	4.1	3.9	3.8	3.7			down
CPI (% YoY)	2.1	2.5	2.0	3.2	3.1	4.2	5.1	5.4	5.5	6.2	7.0	9.0		up
GDP (% YoY)		24.5			6.9			6.6			8.7			

Eurozone	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Trend*
PMI Manufacturing (Index)	63.1	63.4	62.8	61.4	58.6	58.3	58.4	58.0	58.7	58.2	56.5	55.5	54.4	down
PMI Services (Index)	55.2	58.3	59.8	59.0	56.4	54.6	55.9	53.1	51.1	55.5	55.6	57.7	56.3	up
IFO Business Climate (Index)	98.8	101.7	100.8	99.8	99.2	98.1	96.7	94.8	96.2	98.7	90.8	91.9	93.0	down
Industrial Production (% MoM)	-1.0	0.3	0.5	-1.2	-0.8	-1.5	2.5	1.7	-0.8	0.5	-1.8			down
Factory Orders GE (% MoM)	-2.5	4.3	5.2	-9.4	2.8	-5.8	3.1	2.4	2.3	-0.8	-4.7			down
Unemployment Rate (%)	8.1	7.9	7.6	7.5	7.3	7.2	7.1	7.0	6.9	6.9	6.8			down
M3 Growth (% YoY, 3 months MA)	8.6	8.4	7.8	8.0	7.6	7.7	7.3	6.9	6.5	6.4	6.3	6.0		down
CPI (% YoY)	2.0	1.9	2.2	3.0	3.4	4.1	4.9	5.0	5.1	5.9	7.4	7.4	8.1	up
Core CPI (% YoY)	1.0	0.9	0.7	1.6	1.9	2.0	2.6	2.6	2.3	2.7	3.0	3.5	3.8	up
GDP (% QoQ)		2.2			2.2			0.3			0.3			

Switzerland	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Trend*
KOF Leading Indicator (Index)	143.8	132.9	130.2	113.1	110.7	110.0	107.2	107.2	107.1	105.1	99.2	103.0	96.8	down
PMI Manufacturing (Index)	68.6	67.1	70.0	67.0	67.6	65.7	63.8	64.2	63.8	62.6	64.0	62.5		down
Real Retail Sales (% YoY)	2.4	0.5	-2.2	0.9	2.6	1.8	4.8	0.0	5.9	12.7	-6.6	-6.0		down
Trade Balance (Billion, CHF)	4.8	5.5	5.3	5.1	5.0	5.3	6.0	3.5	3.1	5.9	3.0	4.1		up
CPI (% YoY)	0.6	0.6	0.7	0.9	0.9	1.2	1.5	1.5	1.6	2.2	2.4	2.5		up

Japan	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Trend*
Nomura Manufacturing PMI (Index)	53.0	52.4	53.0	52.7	51.5	53.2	54.5	54.3	55.4	52.7	54.1	53.5	53.3	down
Machine Orders (% YoY)	12.2	18.6	11.1	17.0	12.5	2.9	11.6	5.1	5.1	4.3	7.6			down
Industrial Production (% YoY)	21.0	22.9	11.1	8.4	-2.5	-4.3	4.8	2.2	-0.8	0.5	-1.7	-4.8		down
ECO Watchers Survey (Index)	36.4	45.4	47.7	34.3	43.3	56.2	58.5	58.6	35.9	36.6	48.9	50.7		down
Jobs to Applicants Ratio (Index)	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2		up
Labour Cash Earnings (% YoY)	1.9	0.1	0.6	0.6	0.2	0.2	0.8	-0.4	1.1	1.2	2.0			up
Department Store Sales (% YoY)	65.2	-1.6	4.2	-11.7	-4.3	2.9	8.1	8.8	15.6	-0.7	4.6	19.0		down
Money Supply M2 (% YoY)	8.0	5.9	5.3	4.7	4.2	4.2	4.0	3.7	3.6	3.6	3.5	3.6		down
CPI Ex Food & Energy (% YoY)	-1.1	-1.1	-0.8	-0.7	-0.8	-1.2	-1.2	-1.3	-1.9	-1.8	-1.6	0.1		up
Exports (% YoY)	49.6	48.6	37.0	26.2	13.0	9.4	20.5	17.5	9.6	19.1	14.7	12.5		down

China	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Trend*
PMI Manufacturing (Index)	51.0	50.9	50.4	50.1	49.6	49.2	50.1	50.3	50.1	50.2	49.5	47.4	49.6	down
Industrial Production (% YoY)	8.8	8.3	6.4	5.3	3.1	3.5	3.8	4.3			5.0	-2.9		down
Retail Sales (% YoY)	12.4	12.1	8.5	2.5	4.4	4.9	3.9	1.7			-3.5	-11.1		down
PPI (% YoY)	9.0	8.8	9.0	9.5	10.7	13.5	12.9	10.3	9.1	8.8	8.3	8.0		down
Exports (% YoY)	27.7	32.1	19.2	25.4	28.0	26.9	21.7	20.9	24.1	6.3	14.6	3.9		down
CPI (% YoY)	1.3	1.1	1.0	0.8	0.7	1.5	2.3	1.5	0.9	0.9	1.5	2.1		down
RRR (%)	12.5	12.5	12.0	12.0	12.0	12.0	12.0	11.5	11.5	11.5	11.5	11.3	11.3	down
GDP (% YoY)		7.9			4.9			4.0			4.8			up
PMI Non Manufacturing (Index)	51.0	50.9	50.4	50.1	49.6	49.2	50.1	50.3	50.1	50.2	49.5	47.4	49.6	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Appendix 5

Economic data

Australia	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Trend*
AiG Manufacturing (Index)	61.8	63.2	60.8	51.6	51.2	50.4	54.8	48.4	48.4	53.2	55.7	58.5	52.4	up
AiG Service (Index)	61.2	57.8	51.7	45.6	45.7	47.6	49.6	56.2	56.2	60.0	56.2	57.8		up
Westpac Consumer Confidence (% MoM)	-4.8	-5.2	1.5	-4.4	2.0	-1.5	0.6	-1.0	-2.0	-1.3	-4.2	-0.9	-5.6	down
Building Approvals (% YoY)	55.1	53.1	19.8	34.6	18.2	-6.7	-8.5	-8.3	-21.3	-6.6	-35.2	-32.4		down
Employment Change ('000, MoM)	103.2	36.1	-2.1	-138.8	-138.8	-44.1	372.5	57.9	17.4	93.9	20.3	4.0		down

Brazil	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Trend*
CPI (% YoY)	8.1	8.4	9.0	9.7	10.3	10.7	10.7	10.1	10.4	10.5	11.3	12.1		up
Industrial Production (% YoY)	34.8	24.1	12.1	1.4	-0.6	-4.1	-7.8	-4.4	-5.0	-7.3	-4.2	-2.1		up
Retail Sales (% YoY)	23.7	15.9	6.3	5.7	-4.1	-5.2	-6.8	-4.2	-2.9	-1.5	1.3	4.0		up
Trade Balance (Millions, USD)	8536.0	10414.3	7380.0	7659.1	4400.7	2063.7	-1110.1	4012.9	-130.8	4581.4	7348.0	8148.0		up
Budget Balance Primary (Billions, BRL)	-37.4	-75.6	-55.4	-29.7	-42.0	-25.0	-26.6	-54.2	84.1	-22.5	-26.5	-41.0		down

Chile	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Trend*
IMACEC Economic Activity Index (% YoY)	19.84	21.11	18.57	18.67	14.38	13.93	13.57	8.84	9.61	6.83	7.17			down
CPI (% YoY)	3.65	3.80	4.54	4.78	5.34	6.03	6.70	7.17	7.70	7.81	9.41	10.52		up
Retail Sales (% YoY)	65.86	62.39	24.47	19.28	22.54	15.43	14.22	13.48	10.62	11.02	19.95			down
Industrial Production (% YoY)	3.55	6.20	5.04	4.78	-0.59	1.33	2.75	1.72	-1.10	-2.96	0.85	-3.61		down
Unemployment (%)	10.00	9.50	8.90	8.50	8.40	8.10	7.50	7.20	7.30	7.50	7.80	7.70		up

Mexico	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Trend*
PMI (Index)	52.3	51.9	51.8	51.1	50.1	51.4	50.9	53.0	48.4	51.1	51.9	52.5		up
CPI (% YoY)	5.9	5.9	5.8	5.6	6.0	6.2	7.4	7.4	7.1	7.3	7.5	7.7		up
Retail Sales (% YoY)	29.4	17.0	9.9	7.2	5.9	5.3	5.4	4.9	6.7	6.4	3.8			down
Indutrial Production (% YoY)	48.5	16.7	7.7	6.5	-0.4	0.0	2.7	3.7	3.7	6.9	3.6			up
Remittances (Millions, USD)	4525.8	4457.5	4545.0	4748.7	4408.9	4822.1	4661.6	4752.2	3930.8	3910.0	4680.6			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Disclaimer and cautionary statement

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