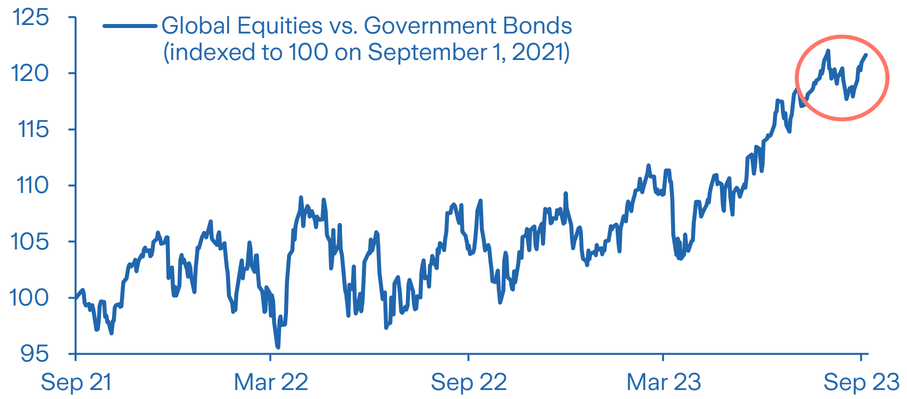
Monthly Investment Insights

5 September 2023

Investors appear to underestimate the risks of a pronounced economic slowdown



Note: MSCI All Country World Index (USD); Bloomberg Global Agg Treasuries Total Return Index (USD)

Source: MSCI, Bloomberg

Following a strong performance the prior month, equity markets gave up most of their gains in August as light volumes along with fears that interest rates could stay 'higher for longer' led to profit-taking, dragging global stocks lower. Support levels have held up so far, however, with investors still appearing to want to buy the dips. 10yr US Treasury yields have surged more than 100 basis points over the last six months on rising borrowing needs and, most recently, following the downgrade of US government bonds to AA+ by the Fitch rating agency. The Standard and Poor's rating agency downgraded its rating for US Treasuries from AAA to AA+ back in 2011 following a major debt ceiling battle, and Fitch's downgrade last month was similarly prompted by worries about rising deficits.

Deteriorating economic conditions in the US and Europe as well as still hawkish central banks should be a toxic mix for investor sentiment. The US ISM Manufacturing Index remains in contractionary territory for the ninth month in a row and services activity is now anaemic. The same is true for the Global PMIs, with the Services component having rolled over meaningfully. In Germany, the ifo Pan German Business Climate Index has fallen back close to its 2022 low, while the Gfk Consumer Confidence Index remains trapped in negative territory. Despite increasing evidence of economic stress, investors are again looking towards that still elusive policy pivot to support risk assets. Expectations for the first Fed rate cut have shifted forward from July to June 2024 following weaker than expected US job openings this past July and softer consumer confidence in August.

Meanwhile, China is showing some more encouraging signs, at least in the short term, after a torrid period for both its economy and financial markets. Weak economic activity and escalating property market problems have been negatively impacting corporate, consumer and investor confidence. While the Politburo has announced various guidelines to tackle these issues, the implementation of specific measures by government authorities requires time and tends to be executed in a rather piecemeal manner Investors were perhaps hoping for a 'big bang', which we believed to be unlikely. The combination of numerous smaller but targeted measures, along with an equity market that appears oversold to us, valuations that are attractive in a historical context, and corporate earnings that are now growing all bode well. While bad news related to the property market and shadow banking are unlikely to subside quickly, the implementation of government stimulus should support the equity market. Though the MSCI China Index remains in a down-track versus the MSCI World, we note technical indicators give cause for optimism.

Euphoria towards Japanese equities has subsided somewhat, and the MSCI Japan has been rangebound over the last ten weeks. Our favourable fundamental picture concerning the economy, corporate governance and the earnings outlook remains intact.

Market Assessment

Key developments

- Weaker US economic data spur investors' hopes for a more dovish Fed
- China's economy remains vulnerable having been negatively impacted by the property market turmoil
- Following a correction in global equities, previously euphoric investor sentiment has moved back to neutral territory

Zurich's view

We maintain our neutral assessment of equities versus government bonds for now. As we had anticipated, signs of exuberance on the upside have been short lived, though we note that investor sentiment is starting to improve again from neutral levels. The 'buy the dips' mentality may persist until investors realise that economic conditions will deteriorate more than the market is currently discounting.

Treasury yields soared on Fitch's downgrade of the US to AA+ and rising short-term borrowing needs, while bond yields in the UK and Japan also hit cycle highs. German Bund and Swiss yields remain rangebound, while peripheral spreads are still tight. We believe the jump in yields was overdone and see them drifting lower amid our outlook of deteriorating economic conditions.

Credit seems to be under-pricing the risk of a recession and higher defaults, with risk-reward increasingly appearing to be skewed to the downside. This is despite the fact that credit conditions remain tight, and bankruptcies are continuing to rise notably. European banks are favouring covered bond issuance to lower their funding costs.

	Key developments	Zurich's view
Global	• Global growth falls to a below trend level, led by slowing services momentum • Inflation moves lower on the back of disinflationary goods prices • Government bonds remain volatile, but slowing growth should continue to cap yields on the upside	Global growth has fallen to a below trend level with a further decline expected given weak August PMI data. The manufacturing sector remains in contraction with new orders at a depressed level, but strong services momentum is now also fading with business services particularly exposed. Global inflation has fallen further on the back of disinflationary goods prices, but the services component remains problematic and labour markets tight. While central banks maintain their hawkish positioning, most of the tightening is likely to be behind us with LatAm central banks the first to pivot to rate cutting. Government bond markets remain volatile with fiscal concerns adding to upward pressure on yields.
US	• Business activity keeps softening with manufacturing still in contraction • Inflation rates remains modest in July, but the Fed is keeping its stance hawkish • Stock markets suffer from a deteriorating outlook and the still hawkish Fed	Business activity continues to moderate, with the ISM Manufacturing Survey remaining in contraction territory for the ninth month in a row in July while services reflect modest growth entering the third quarter. Meanwhile, the labour market remains tight with the unemployment rate ticking back down to 3.5%. However, business surveys and fewer hours worked by employees indicate that the employment situation is cooling down. Inflation remained modest in July with both headline and core measures in line with the Fed's inflation target on an annualised basis. A deteriorating growth outlook combined with still hawkish central banks and rising yields weigh on stock markets, with smaller companies being particularly vulnerable, reflected in the Russell 2000 falling by more than 8% from its recent peak.
UK	• Headline inflation falls to 6.8% YoY in July while core inflation remains at 6.9% • Growth is slowing down with the Composite PMI falling to the lowest level since January 2021 • Wage growth accelerates to 7.8% YoY in June despite the unemployment rate rising to 4.2%	Headline inflation slowed from 7.9% YoY in June to 6.8% YoY in July while core inflation remained at 6.9% YoY. Although the slowdown in price pressure is promising, inflation is still too high and a number of service components remain sticky. The latest PMI survey shows that price pressure keeps fading but this will potentially come at the price of a recession. The Composite PMI dropped to 47.9 in August, the lowest level since January 2021, driven by a substantial slowdown in both manufacturing and services. The labour market is beginning to show cracks with the unemployment rate picking up to 4.2% in June. Wage growth has further accelerated to 7.8% YoY, however, maintaining pressure on the Bank of England to keep its hawkish stance for now.
Eurozone	• Macro data continue to disappoint to the downside as services momentum slips • Lending data fall further on tighter credit conditions and a slump in demand for loans • Inflation falls further, but price pressure in services and brisk wage growth remain troubling	The Eurozone has seen growth slow sharply and macro data continue to disappoint to the downside. The Composite PMI fell further below the boom/bust line of 50 in August, indicating recession risk for the region. The downturn is being led by Germany, with business sentiment back at last year's level when concerns over the energy crisis were acute. The upshot of the growth slowdown is that less ECB tightening may be needed and a September ECB rate hike is no longer fully priced in by rate markets. While we would agree with market pricing, it will be a close call, given still strong services inflation, wage growth and a tight labour market. August CPI data will be key for the ECB in deciding whether it is ready to pause.
Switzerland	• Economic growth slows sharply, led by manufacturing but with services activity now also weakening • CPI inflation falls further on the back of a strong franc and disinflationary goods prices • The currency remains highly valued as the SNB maintains a hawkish stance despite falling inflation	Macro data indicate that growth has slowed noticeable. The Manufacturing PMI is tracking at the lowest level since 2009 and the Services PMI, which was initially holding up better, has slumped to a historical low outside of the Covid crisis. While these surveys may overstate the actual slowdown in the economy, they highlight downside risk to GDP, which was tracking at an already sluggish 0.7% YoY in Q1. Inflation has also declined, with core and headline CPI below 2%, though rising rents will add to domestic price pressures in coming quarters. This helps to explain why the SNB is maintaining its hawkish stance, with a further rate hike still on the table for the September policy meeting. Given the growth slowdown, however, it will be a finely balanced decision.

	Key developments	Zurich's view
Japan	• Japanese equities appear to be moving higher, breaking out of their recent trading range • Their performance remains volatile relative to global equities, but the trend is up • 10yr JGB yields keep hovering in their new trading range between 0.6% and 0.7%	Beginning mid-March, positive investor sentiment lifted the MSCI Japan by more than 23% within just three months. However, sentiment has cooled somewhat over the last few weeks, with the index rangebound since mid-June. We consider this as a refreshing pause. As the tweak to the BoJ's YCC policy did not lead to market disruptions, with the 10yr JGB yield inching higher by just about 20bps, equity investors remained engaged. Following nervous trading ahead of the BoJ decision on YCC, the USDJPY moved up JPY 10 to above 145. We expect equities to remain rangebound for now. Japan's tax exemption scheme for individual investors, will become a topic once investors switch their attention to the next year. On the political front, PM Kishida may call for early general elections this autumn.
China	• Investor sentiment remains downbeat • The MSCI China fell another 14% in early July before a shallow recovery set in • Authorities halved the stamp duty and urged mutual funds to avoid net selling	Deteriorating economic indicators in July and further problems in the property market resulted in a 14% correction of the MSCI China over the first 15 trading days of August before a tepid recovery set in. Investors are disappointed by the government's rather piecemeal support measures meant to stabilise the economy and equity market. While certainly not a 'big bang', we believe that the variety of measures should help to stabilise market sentiment over time. We also note that Chinese equities are cheap in a historical context. However, every minor uptick in investor optimism has so far been immediately followed by quick profit taking. More time is needed to attract fresh and continuous net buying interest, particularly amid the structural issues in the property market and shadow banking system.
Australia	• Signs of weakness emerge in the services sector, and household spending remains fragile • Inflation is easing faster than expected, giving the RBA room to hold its cash rates • The equity market is under renewed pressure amid global risk-off sentiment	Economic activity is showing signs of further weakening with leading indicators such as the Services and Manufacturing PMIs dipping below 50. The services sector, which had been resilient in the first half of the year, is now declining. With households facing higher mortgage rates and living costs, real consumption is strained, as evidenced by a 0.5% QoQ decline in retail sales (after adjusting for inflation) in Q2. While the lagged effect of rising rates is set to further pressure consumer spending, continued robust immigration inflows can provide some buffer. Lower than expected headline inflation has provided the RBA some flexibility to hold its cash rate at 4.1%. Meanwhile, the equity market dropped almost 5% in August, reflecting global risk-off sentiment and concerns over China's faltering recovery.
ASEAN	• Domestic demand holds up well, offsetting the continued weakness in exports • Inflation has returned to central banks' targets in most countries • Equity markets show a mixed picture across the region	Most countries have reported their Q2 GDP data, with Malaysia and Indonesia exceeding expectations, while the broader region paints a mixed picture. Overall, while domestic consumption remained robust, sluggish exports continued to be a drag on growth. Malaysia's Q2 GDP grew by 1.5% QoQ, outperforming the 0.9% consensus, boosted by a 5.9% QoQ rise in private consumption. Indonesia's growth, driven by private spending, also beat expectations. Thailand, expecting to benefit from tourism, especially from China, underperformed significantly. Meanwhile, central banks kept rates unchanged thanks to inflation remaining within the targeted range. We anticipate this pause will persist throughout the year. Reflecting global risk-off sentiment, foreign fund flows into both equities and bonds remain subdued.

Appendix 1

Valuation snapshot (MSCI Indices)

Current trailing valuations

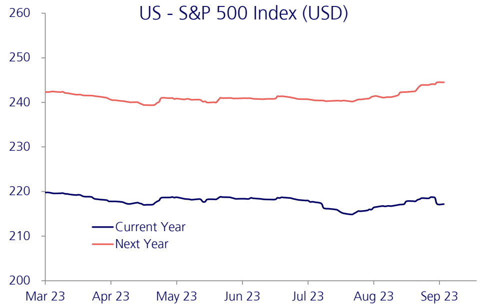
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.84	15.20	11.29	18.52	15.56	14.14	14.35	5.33	13.05
12m Trailing P/B	3.90	1.96	1.74	3.17	1.29	1.61	1.40	1.46	1.98
12m Trailing P/CF	14.12	9.10	5.71	17.37	9.24	8.40	7.52	3.82	8.72
Dividend Yield	1.67	2.93	3.69	3.02	2.53	3.06	2.40	13.04	3.82
ROE	18.70	12.91	15.37	17.10	8.26	11.39	9.74	27.43	15.13

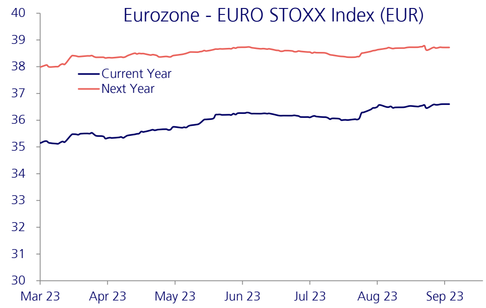
Current trailing valuations relative to MSCI world

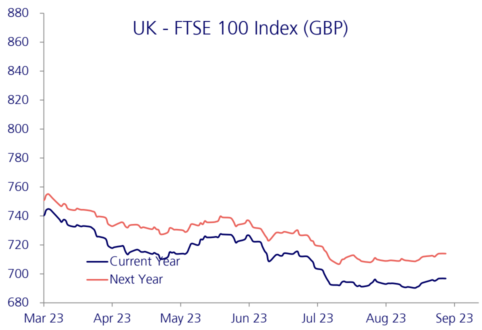
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.21	0.88	0.65	1.07	0.90	0.82	0.83	0.31	0.76
12m Trailing P/B	1.52	0.77	0.68	1.24	0.50	0.63	0.55	0.57	0.77
12m Trailing P/CF	1.27	0.82	0.51	1.56	0.83	0.76	0.68	0.34	0.79
Dividend Yield	0.74	1.29	1.62	1.33	1.11	1.34	1.05	5.74	1.68
ROE	1.26	0.87	1.04	1.15	0.56	0.77	0.66	1.85	1.02

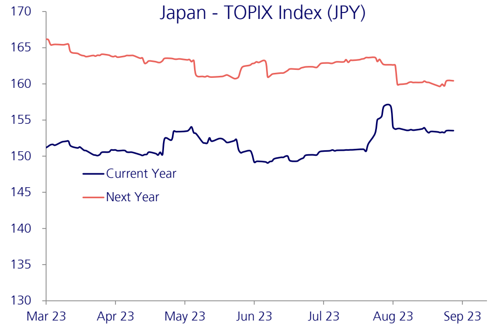
Source: Datastream

Earnings estimates - Full fiscal years



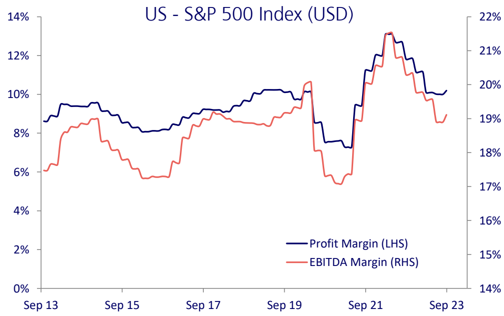


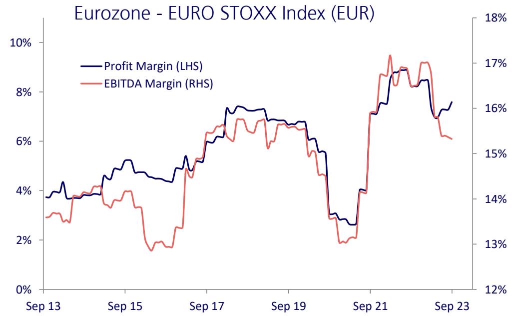


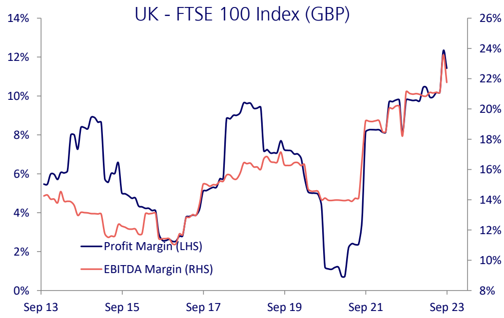


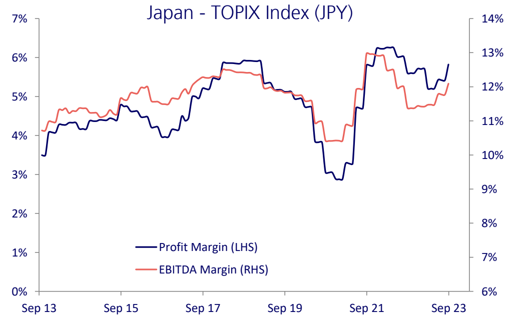
Source: Bloomberg

Historical margins





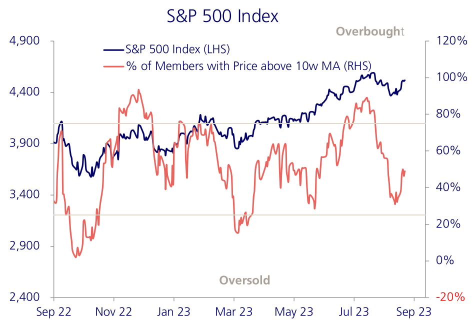


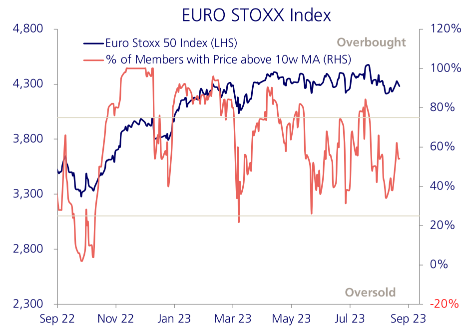


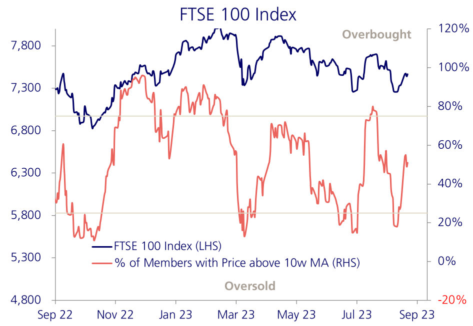
Source: Bloomberg

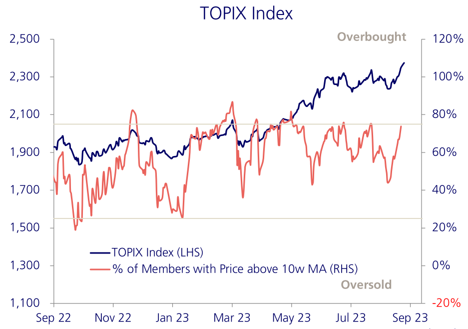
Source: Bloomberg

Overbought / Oversold





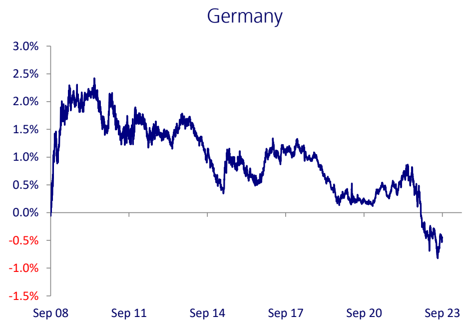


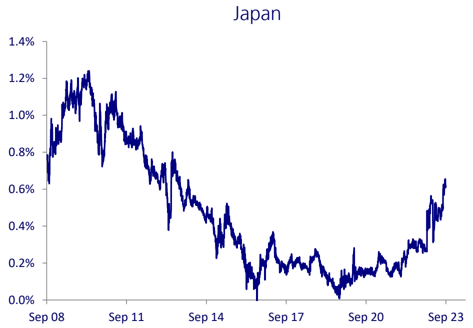


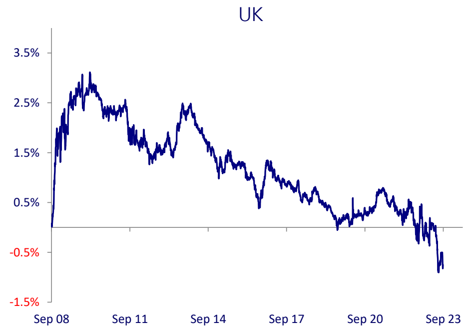
Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)







Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Sep-23	1m ago	3m ago	1yr ago
UK	25	35	55	-27
Germany	-162	-147	-129	-166
Switzerland	-321	-300	-273	-233
Japan	-354	-338	-323	-295
Australia	-9	16	14	46
China	-153	-138	-95	-55
South Korea	-40	-16	-11	54
Malaysia	-34	-16	5	82
Indonesia	220	231	269	395
Thailand	-141		-116	-61
Philippines	-12	n/a	n/a	n/a
Brazil	691	677	744	n/a
Mexico	516	499	520	583
Colombia	654	648	743	n/a
Peru	263	288	363	493

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Sep-23	1m ago	3m ago	1yr ago
France	52	53	54	62
Netherlands	33	34	36	33
Belgium	63	65	67	66
Austria	60	60	67	65
Ireland	39	39	41	n/a
Italy	169	165	178	232
Spain	103	103	100	119
Portugal	74	74	69	108

Source: Bloomberg, ZIG

Economic data

US	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Trend*
ISM Manufacturing (Index)	52.9	51.0	50.0	49.0	48.4	47.4	47.7	46.3	47.1	46.9	46.0	46.4	47.6	down
ISM Non-Manufacturing (Index)	56.1	55.9	54.5	55.5	49.2	55.2	55.1	51.2	51.9	50.3	53.9	52.7		down
Durable Goods (% MoM)	-0.1	0.3	1.0	-3.1	4.5	-1.3	-2.7	3.3	1.2	2.0	4.4	-5.2		down
Consumer Confidence (Index)	103.6	107.8	102.2	101.4	109.0	106.0	103.4	104.0	103.7	102.5	110.1	114.0	106.1	up
Retail Sales (% MoM)	10.2	9.4	8.8	6.1	6.0	7.4	5.3	2.2	1.3	2.1	1.6	3.2		down
Unemployment Rate (%)	3.7	3.5	3.7	3.6	3.5	3.4	3.6	3.5	3.4	3.7	3.6	3.5	3.8	up
Avg Hourly Earnings YoY (% YoY)	6.2	5.9	5.7	5.7	5.4	5.2	5.3	5.2	4.9	4.9	4.7	4.7	4.5	down
Change in Payrolls ('000, MoM)	352.0	350.0	324.0	290.0	239.0	472.0	248.0	217.0	217.0	281.0	105.0	157.0	187.0	down
PCE (% YoY)	4.9	5.2	5.1	4.8	4.6	4.7	4.7	4.6	4.6	4.5	4.1	4.2		down
GDP (%, QoQ, Annualized)		3.2			2.6			2.0			2.1			

UK	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Trend*
PMI Services (Index)	50.9	50.0	48.8	48.8	49.9	48.7	53.5	52.9	55.9	55.2	53.7	51.5	48.7	down
Consumer Confidence (Index)	-44.0	-49.0	-47.0	-44.0	-42.0	-45.0	-38.0	-36.0	-30.0	-27.0	-24.0	-30.0	-25.0	up
Unemployment Rate (%)	3.5	3.6	3.7	3.7	3.7	3.7	3.8	3.9	3.8	4.0	4.2			down
CPI (% YoY)	9.9	10.1	11.1	10.7	10.5	10.1	10.4	10.1	8.7	8.7	7.9	6.8		down
GDP (% YoY)		2.0			0.6			0.2			0.4			

Eurozone	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Trend*
PMI Manufacturing (Index)	49.6	48.4	46.4	47.1	47.8	48.8	48.5	47.3	45.8	44.8	43.4	42.7	43.5	down
PMI Services (Index)	49.8	48.8	48.6	48.5	49.8	50.8	52.7	55.0	56.2	55.1	52.0	50.9	48.3	down
IFO Business Climate (Index)	89.1	85.3	85.2	86.7	88.6	89.9	90.8	93.2	93.6	91.5	88.6	87.4	85.7	down
Industrial Production (% MoM)	3.1	0.1	-2.0	1.3	-1.3	0.5	1.8	-4.4	1.2	0.0	0.5			up
Factory Orders GE (% MoM)	-2.1	-2.4	0.1	-2.6	1.8	0.6	4.5	-10.9	0.2	6.2	7.0			up
Unemployment Rate (%)	6.7	6.7	6.7	6.7	6.7	6.7	6.6	6.5	6.4	6.4	6.4	6.4		down
M3 Growth (% YoY, 3 months MA)	6.2	6.0	4.9	4.6	3.8	3.1	2.6	2.1	1.4	0.9	0.6	-0.4		down
CPI (% YoY)	9.1	9.9	10.6	10.1	9.2	8.6	8.5	6.9	7.0	6.1	5.5	5.3	5.3	down
Core CPI (% YoY)	4.3	4.8	5.0	5.0	5.2	5.3	5.6	5.7	5.6	5.3	5.5	5.5	5.3	down
GDP (% QoQ)		0.4			-0.1			0.0			0.3			

Switzerland	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Trend*
KOF Leading Indicator (Index)	93.0	92.1	90.9	89.4	91.6	97.5	98.8	98.9	96.1	91.4	90.6	92.1	91.1	down
PMI Manufacturing (Index)	56.7	56.8	55.4	54.4	54.5	49.3	48.9	47.0	45.3	43.2	44.9	38.5	39.9	down
Real Retail Sales (% YoY)	1.7	2.1	-2.5	-1.8	-3.4	-2.0	-0.7	-2.1	-3.9	-1.2	1.0	-2.2		up
Trade Balance (Billion, CHF)	3.7	4.4	4.2	2.2	2.4	4.9	3.3	4.6	2.5	5.4	4.8	3.1		up
CPI (% YoY)	3.5	3.3	3.0	3.0	2.8	3.3	3.4	2.9	2.6	2.2	1.7	1.6	1.6	down

Japan	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Trend*
Nomura Manufacturing PMI (Index)	51.5	50.8	50.7	49.0	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6	49.6	down
Machine Orders (% YoY)	9.7	2.9	0.4	-3.7	-6.6	4.5	9.8	-3.5	-5.9	-8.7	-5.8			down
Industrial Production (% YoY)	5.7	8.7	3.1	-1.4	-2.2	-2.8	-0.6	-0.8	-0.7	4.2	0.0	-2.5		up
ECO Watchers Survey (Index)	44.8	49.6	51.1	49.7	49.0	46.5	51.0	55.2	55.7	54.5	53.6	54.1		up
Jobs to Applicants Ratio (Index)	1.3	1.3	1.3	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3		down
Labour Cash Earnings (% YoY)	1.7	2.2	1.4	1.9	4.1	0.8	0.8	1.3	0.8	2.9	2.3			up
Department Store Sales (% YoY)	26.1	20.2	11.4	4.5	4.0	15.1	20.4	9.8	8.6	6.3	7.0	8.6		down
Money Supply M2 (% YoY)	3.4	3.3	3.1	3.1	2.9	2.7	2.6	2.5	2.6	2.6	2.6	2.4		down
CPI Ex Food & Energy (% YoY)	0.7	0.9	1.5	1.5	1.6	1.9	2.1	2.3	2.5	2.6	2.6	2.7		up
Exports (% YoY)	22.0	28.9	25.3	20.0	11.5	3.5	6.5	4.3	2.6	0.6	1.5	-0.3		down

China	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Trend*
PMI Manufacturing (Index)	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9	49.2	48.8	49.0	49.3	49.7	down
Industrial Production (% YoY)	4.2	6.3	5.0	2.2	1.3			3.9	5.6	3.5	4.4	3.7		up
Retail Sales (% YoY)	5.4	2.5	-0.5	-5.9	-1.8			10.6	18.4	12.7	3.1	2.5		down
PPI (% YoY)	2.3	0.9	-1.3	-1.3	-0.7	-0.8	-1.4	-2.5	-3.6	-4.6	-5.4	-4.4		down
Exports (% YoY)	7.4	5.6	-0.3	-9.0	-9.9	-11.6	-2.7	11.4	7.3	-7.1	-12.4	-14.5		down
CPI (% YoY)	2.5	2.8	2.1	1.6	1.8	2.1	1.0	0.7	0.1	0.2	0.0	-0.3		down
RRR (%)	11.3	11.3	11.3	11.3	11.0	11.0	11.0	10.8	10.8	10.8	10.8	10.8	10.8	neutral
GDP (% YoY)		3.9			2.9			4.5			6.3			up
PMI Non Manufacturing (Index)	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9	49.2	48.8	49.0	49.3	49.7	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Trend*
AiG Manufacturing (Index)	49.3	50.2	49.6	44.7										neutral
AiG Service (Index)	53.3	48.0	47.7	45.6										neutral
Westpac Consumer Confidence (% MoM)	-3.0	3.9	-0.9	-6.9	3.0	5.0	-6.9	0.0	9.4	-7.9	0.2	2.7	-0.4	up
Building Approvals (% YoY)	-7.2	-10.5	-4.7	-7.3	-0.2	-6.9	-29.2	-14.1	-18.2	-10.0	-18.0	-10.6		up
Employment Change ('000, MoM)	54.7	21.2	30.6	51.1	-6.2	17.5	59.7	69.9	-4.7	76.3	31.6	-14.6		down

Brazil	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Trend*
CPI (% YoY)	8.7	7.2	6.5	5.9	5.8	5.8	5.6	4.7	4.2	3.9	3.2	4.0		down
Industrial Production (% YoY)	-0.4	1.8	-1.0	1.2	0.8	-0.4	0.3	-2.5	1.0	-2.7	1.9	0.3		up
Retail Sales (% YoY)	-5.3	1.6	3.2	2.7	1.4	0.4	2.8	1.1	3.3	0.5	-1.1	1.3		down
Trade Balance (Millions, USD)	3694.6	3375.4	6200.3	4533.4	2310.0	2569.5	10747.3	7929.3	10962.8	10146.3	8890.3	9766.9		down
Budget Balance Primary (Billions, BRL)	-65.9	-60.6	-14.5	-70.4	-70.8	46.7	-90.6	-79.5	-25.4	-119.2	-89.6	-81.9		down

Chile	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Trend*
IMACEC Economic Activity Index (% YoY)	0.80	-0.57	-1.46	-3.33	-2.02	0.24	-0.54	-2.06	-0.89	-1.63	-0.77	1.78		up
CPI (% YoY)	14.09	13.73	12.81	13.34	12.79	12.33	11.95	11.09	9.91	8.73	7.56	6.48		down
Retail Sales (% YoY)	-14.54	-12.39	-15.39	-11.10	-10.43	-9.26	-8.07	-10.64	-10.63	-13.21	-10.06			up
Industrial Production (% YoY)	-5.06	-1.43	-4.24	-5.02	-1.21	0.47	-1.09	-5.91	-1.95	-4.51	-2.65	-1.66		up
Unemployment (%)	7.90	8.00	8.00	7.90	7.90	8.00	8.40	8.80	8.70	8.50	8.50	8.80		down

Mexico	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Trend*
PMI (Index)	49.3	50.3	50.1	51.0	51.4	49.8	51.3	49.6	50.1	49.8	51.0	51.3	52.3	up
CPI (% YoY)	8.2	8.7	8.4	7.8	7.8	7.9	7.6	6.9	6.3	5.8	5.1	4.8		down
Retail Sales (% YoY)	8.6	7.7	8.0	6.1	7.6	9.1	5.8	1.6	3.8	2.6	5.9			down
Indutrial Production (% YoY)	8.1	8.4	5.3	4.7	2.7	4.7	2.4	1.1	1.4	1.9	0.9			down
Remittances (Millions, USD)	5123.8	5036.9	5361.4	4817.6	5353.0	4425.1	4359.1	5186.1	5001.6	5696.9	5575.2	5651.5		up

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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