

# Monthly Investment Insights

Positive trend for global equities remains intact despite the Fed's pivot



Source: Bloomberg

The Fed's shift in tone introduced some short-term volatility to global equity markets, but investors quickly shrugged off the tightening gloom while credit markets remained resilient throughout the period. Many equity indices have reached new records, but momentum has slowed. The Global Composite PMI rose to a 15-year high, led by a robust rebound in services activity. The swift rebound in global growth is consistent with our expectations and we suspect the recovery has further to run. With a solid macroeconomic backdrop, fundamentals for both equities and credit are supportive despite fading policy tailwinds.

Headline inflation in the US reached the highest level in decades. The Fed has consequently turned slightly more hawkish, with the dot plot suggesting two rate hikes in 2023. Indeed, this is in line with our own expectations. Given a vigorous growth environment and an inflation uptrend, we think the Fed's pivot is necessary. The move is likely to set a path towards monetary normalisation globally, although at a very gradual pace. Despite more flexible regimes regarding average inflation targets, combating inflation remains embedded in central banks' DNA and they are well positioned to do so should it prove more persistent.

Elsewhere, China continues to tighten monetary conditions, following last year's emergency support and is addressing speculation in both the property and equity markets. With signs of slowing economic growth, authorities are expected to provide targeted stimulus in the second half of the year, particularly towards SMEs and migrant worker households.

On the vaccine front, despite considerable progress in China and the West, not all countries share the same fortune. Several emerging markets are still battling with new waves of COVID. Vaccine shortage remains an issue. On a brighter note, many emerging economies have benefited from the upswing of global commodity and tech demand.

Overall, we favour equities over bonds and credit. Strong fundamentals should provide further gains for stocks. We are encouraged by the ongoing rotation from growth to value and believe it has further to run. There appears to be further relative upside in the more cyclical parts of the investment landscape, both at the corporate and regional levels. While cash credit is better supported than CDS, upside is limited as spreads are already tight. Bond yields are likely to trend higher on the back of a robust growth environment and monetary normalisation.

## Market Assessment

### Key developments

- Led by the services sector, global activity booms while intensifying supply bottlenecks push inflation higher
- The Fed shifts to a slightly more hawkish stance, signalling an earlier tightening than previously conveyed
- China tightens financial conditions further with the credit impulse turning negative

### Zurich's view

The vigorous recovery in global activity amid a swift economic reopening in developed markets is reinforcing investor confidence in global equities.

As equities trade at expensive levels and central banks move towards policy normalisation, episodes of volatility should not be surprising. However, robust fundamentals and strong corporate earnings should continue to bolster equity performance. As the economic recovery carries on, there is room for cyclical stocks to gain ground relative to defensive stocks.

Despite the recent slip in global bond yields, the direction of travel for yields is likely to be higher. Solid growth and higher inflation should provide upside to yields. A slightly more hawkish Fed also supports the case for higher bond yields.

A firm recovery of corporate profitability and improving credit ratings underpin strong fundamentals in credit markets. Robust demand in both primary and secondary markets suggests spreads could tighten further. However, spreads are now almost as tight as pre-global financial crisis levels, capping gains for credit relative to equities, especially in CDS where supply/demand dynamics are weaker.

## Global

- Services activity accelerates as economies reopen and health concerns diminish; manufacturing and global trade conditions remain brisk
- While the global economic outlook is strong, regional divergences are large with the pace of vaccinations a decisive factor
- Central banks adopt a less dovish stance in response to strong growth and rising inflation, with rate hikes and more hawkish guidance forthcoming

Global growth remains strong with a notable acceleration in services activity adding to brisk industrial activity. The improvement is being led by developed economies while the patchier conditions in emerging markets reflect their vaccination challenges. Leading trade indicators are firm and we suspect supply chain pressures could intensify further before settling down. Inflation remains on an upward trajectory, though transitory effects continue to dominate. Strong growth and rising inflation have triggered a policy tilt among central banks, with rate hikes and/or more hawkish guidance forthcoming. This should help contain excesses in the global economy and confirms our view that central banks remain focused on inflation, reducing the likelihood that it becomes a problem.

## US

- Growth momentum is slowing from very high levels as consumer spending softens
- Core inflation soars to the highest level in almost three decades
- The Fed gets slightly more hawkish, signalling two rates hikes in 2023

This month investors' focus was on the Fed's hawkish tilt as the latest dot plot signalled two rate hikes in 2023 compared to none before. The Fed is maintaining full flexibility regarding the future rate path, but the latest shift demonstrates a willingness to slowly move away from its very dovish stance. The dot plot shows that a majority of Fed members feel that they have moved closer to reaching their mandate since the previous meeting in March. With an annual rate of 5% headline inflation reached the highest level since 2008 while core CPI soared to the highest in almost three decades. Investors quickly digested the Fed's shift to a more hawkish stance with the S&P 500 rebounding from a short setback to reach a new record high.

## UK

- Business activity continues to expand at a brisk pace with strong new orders and a pickup in employment
- Input costs rise substantially while headline inflation accelerates to 2.1% YoY
- The FTSE 100 keeps grinding higher though it still lags other major stock markets

Business activity remains strong both in the manufacturing as well as the services sector with the Composite PMI receding only slightly to 61.7 in June, still the second highest on record. New orders point to a continuation of the solid expansion in the months ahead. Fuelled by the ongoing expansion, the employment situation has further improved while price pressure keeps boosting input costs and output prices. Headline inflation accelerated to 2.1% YoY in May, supported by base effects, while core CPI picked up to 2.0% YoY. The FTSE 100 keeps grinding higher, reaching a post-pandemic high, though it still lags other major markets since the beginning of the year despite offering relatively attractive valuations and exposure to firms that are benefitting from the re-opening of the global economy.

## Eurozone

- The Eurozone is about to enter boom-like economic conditions, providing a supportive environment for risk assets in the region
- Surveys of business confidence such as the PMIs, German ifo, French INSEE and EC Economic Sentiment Indicator surge higher
- The EU issues EUR 20bn of the first Next Generation EU (NGEU) bonds with strong institutional investor demand

Eurozone data in June has been almost universally upbeat. Many Eurozone-wide and national business confidence surveys are at multi-year highs and consumer sentiment has also improved. Easing of lockdown restrictions, more vaccinations and continued monetary and fiscal stimulus have all been supportive tailwinds. Progress on the EUR 750bn NGEU initiative has also been encouraging. Many countries have already had their spending plans approved, paving the way for disbursement of funds soon in H2. The EU also issued its first tranche of NGEU bonds with strong institutional investor demand. This continued stimulus going forward is likely to buoy growth, corporate earnings and risk assets in the region. Indeed, the German Dax Index and French CAC 40 both hit record highs in June.

## Switzerland

- The economy continues to expand at a strong pace with growth boosted by reopening and strong external demand
- Inflation turns positive but remains at a low level, while domestic price pressures are benign
- The SNB leaves policy unchanged, but emphasises housing market imbalances, which may call for a reactivation of countercyclical capital buffers

The economy is growing at a strong pace while inflation remains benign. Capacity pressures in the manufacturing sector are appearing but services lag behind. The SNB left policy unchanged in Q2, stating that the Swiss franc is still overvalued and that it remains prepared to intervene in forex markets. The inflation outlook was raised modestly, but domestic price pressures are muted. Inflation is highly unlikely to become a problem despite supply chain pressures and elevated shipping costs feeding through to higher producer prices. The negative rate environment amplifies real estate imbalances, and strong house price inflation makes a reactivation of countercyclical buffers, which were deactivated last year, likely. This was also signalled by the SNB.

## Japan

- Public restrictions are reduced as new COVID infections diminish and vaccinations increase
- Forward looking economic indicators suggest a pickup in GDP growth
- Japanese equities are trending sideways both in absolute and relative terms

Regional restrictions have eased since the peak of the fourth wave of COVID infections and the speed of vaccination is picking up steam. The focus will be on whether the Olympics will contribute to or coincide with a new wave of delta virus infections. Supply disruptions are still hampering a further recovery in manufacturing activity, while the service sector continues to suffer. However, leading indicators suggest a swift recovery over the next few months. Inflation is not a focus as measures of consumer price inflation are hovering around zero. The focus will then move to the upcoming LDP leadership and Lower House elections in September/October. Japan's equity market recovery is stalling both on an absolute and relative basis, which we interpret as a pause to refresh rather than the end of a move higher.

## China

- COVID vaccination is accelerating while new infections in Guangdong seem contained
- Economic indicators for May confirm a slowdown in growth; the credit impulse turns negative
- The MSCI China remains rangebound both in absolute and relative to the MSCI World

China's credit impulse turned negative as aggregate financing contracted due to slower shadow banking activities and local government bond issuance. Economic indicators for May came in below consensus expectations and confirm a slowdown in economic activity. China's authorities keep focusing on deleveraging, but we suspect that a flexible approach that includes targeted stimulus, particularly towards SMEs and migrant worker households, will be taken in the second half of the year. Meanwhile, more than a billion persons, or about 88%, have received their first COVID vaccination, with more than 44% having received two doses. A flare up of new infections in the Southern province of Guangdong seems to be contained.

## Australia

- Both employment and output levels return to above pre-pandemic levels
- There are signs of upward pressure on headline inflation, but wage growth remains modest
- Australian equities experience a solid run

Australia stands out as one of a few developed economies where both employment and output have risen above pre-crisis levels. While the economy has healed amazingly well, inflation is not yet a pressing issue. Admittedly, there are already signs of rising input prices for producers, and several business surveys reported some tightness in the labour market. However, wage growth has not yet increased meaningfully and concerns that the economy could overheat are minimal. While Australia has managed the pandemic extremely well, local outbreaks in Victoria and recently in New South Wales continue to spark fears of new COVID waves, leading to snap lockdowns. The stock market has had a solid run, driven by financial stocks, while 10yr bond yields are closely tracking US Treasury yields.

## ASEAN

- New COVID cases hit a record, with a new wave now developing in Indonesia
- ASEAN's trade benefits from the global trade upswing
- Capital inflows recover slightly, providing support to bond and equity markets

COVID infections and vaccines remain the central topics in ASEAN. Following a large wave of new infections in Malaysia in May, Indonesia is now experiencing a surge in new cases linked to the delta variant first detected in India. Malaysia has ramped up its vaccination program and aims to achieve herd immunity by the end of 2021. Except in Singapore, vaccination progress is still slow. New lockdowns have delayed the recovery in economic activity, while inflation remains in check. On a brighter note, commodity and tech exports have remained vigorous thanks to the surge in global demand. Capital has returned to ASEAN after a period of outflows. However, with the Fed turning more hawkish, a potential tightening of global financial conditions might halt further foreign inflows.

## LatAm

- Momentum continues with an upward trend in economic and corporate earnings expectations; inflation remains high
- Monetary policy normalisation continues with Brazil accelerating convergence to the neutral rate, Mexico starting to tighten, and Chile signalling it will also raise rates soon
- Political tensions and fiscal uncertainty decrease in Brazil, boosting the equity market and currency; in Chile, uncertainty remains but the equity market is stabilising

Economic conditions surprised the upside, boosting financial markets, with Q1 GDP growth more resilient than expected. Led by Brazil MSCI, LatAm outperformed other EMs. The Bovespa reached a new historical high and the BRL was one of the best performing currencies worldwide in June. The central bank of Brazil raised the Selic rate by 75bps, to 4.25%, and indicated that it would bring it to its neutral level. In Mexico, the coalition government could not retain a qualified majority, which was well received by the financial market. Although high inflation is expected to be transitory, the central bank surprised the market by raising the policy rate by 25bps to 4.25%, leaving the door open for further tightening if needed.

Valuation snapshot (MSCI Indices)

Current trailing valuations

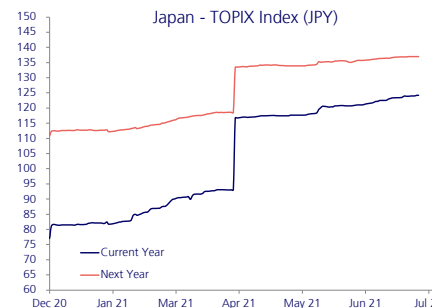
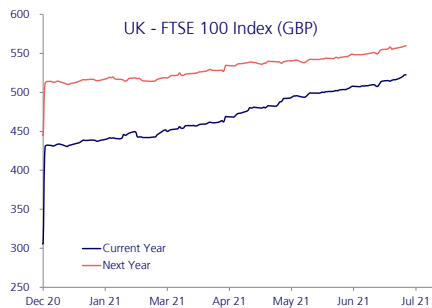
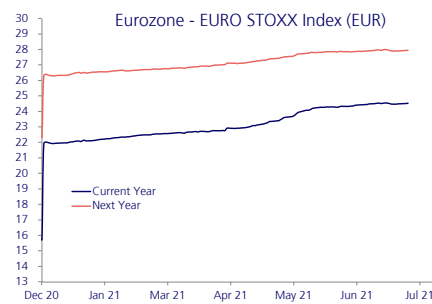
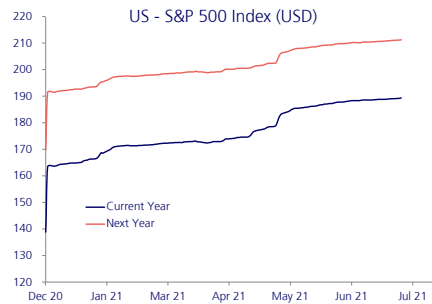
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	34.84	28.12	22.72	22.20	24.23	23.52	19.01	18.93	23.70
12m Trailing P/B	4.76	2.22	1.79	3.31	1.52	2.11	2.24	2.26	2.21
12m Trailing P/CF	20.55	8.73	5.32	12.11	10.72	11.14	9.62	5.40	7.12
Dividend Yield	1.35	2.09	3.20	2.65	1.95	1.82	1.36	3.14	2.23
ROE	13.67	7.89	7.88	14.91	6.27	8.97	11.79	11.91	9.32

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.18	0.95	0.77	0.75	0.82	0.79	0.64	0.64	0.80
12m Trailing P/B	1.59	0.74	0.60	1.10	0.51	0.70	0.75	0.75	0.74
12m Trailing P/CF	1.65	0.70	0.43	0.97	0.86	0.89	0.77	0.43	0.57
Dividend Yield	0.80	1.23	1.89	1.56	1.15	1.08	0.80	1.85	1.31
ROE	1.35	0.78	0.78	1.47	0.62	0.89	1.17	1.18	0.92

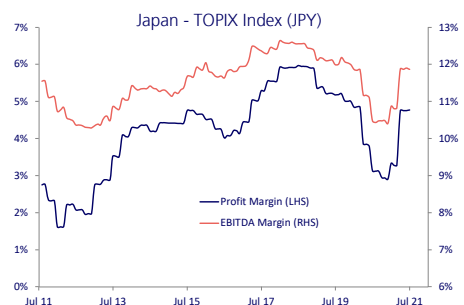
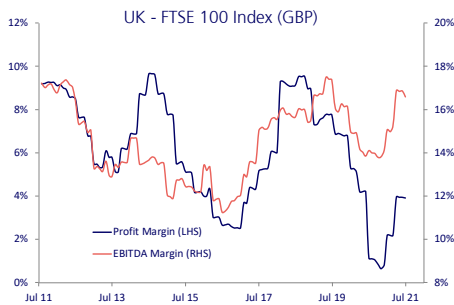
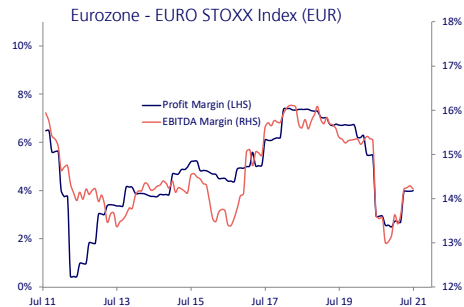
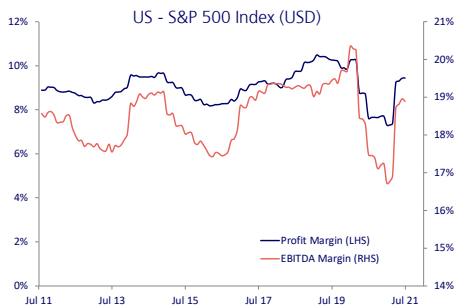
Source: Datastream

Earnings estimates - Full fiscal years



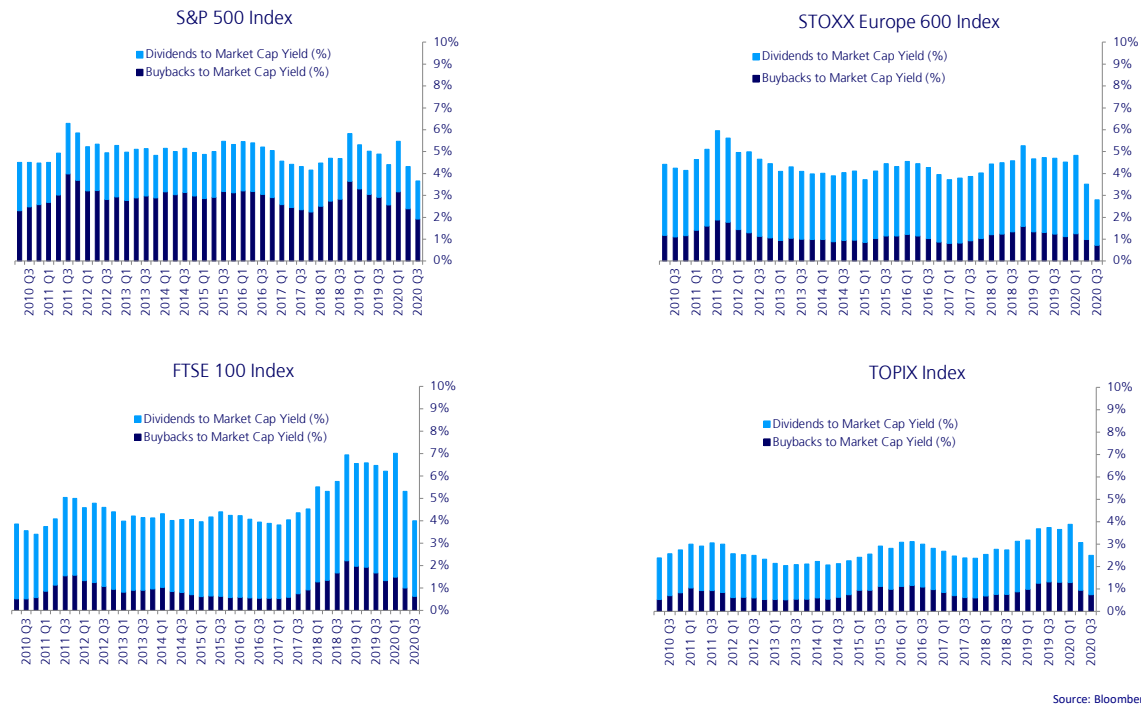
Source: Bloomberg

Historical margins



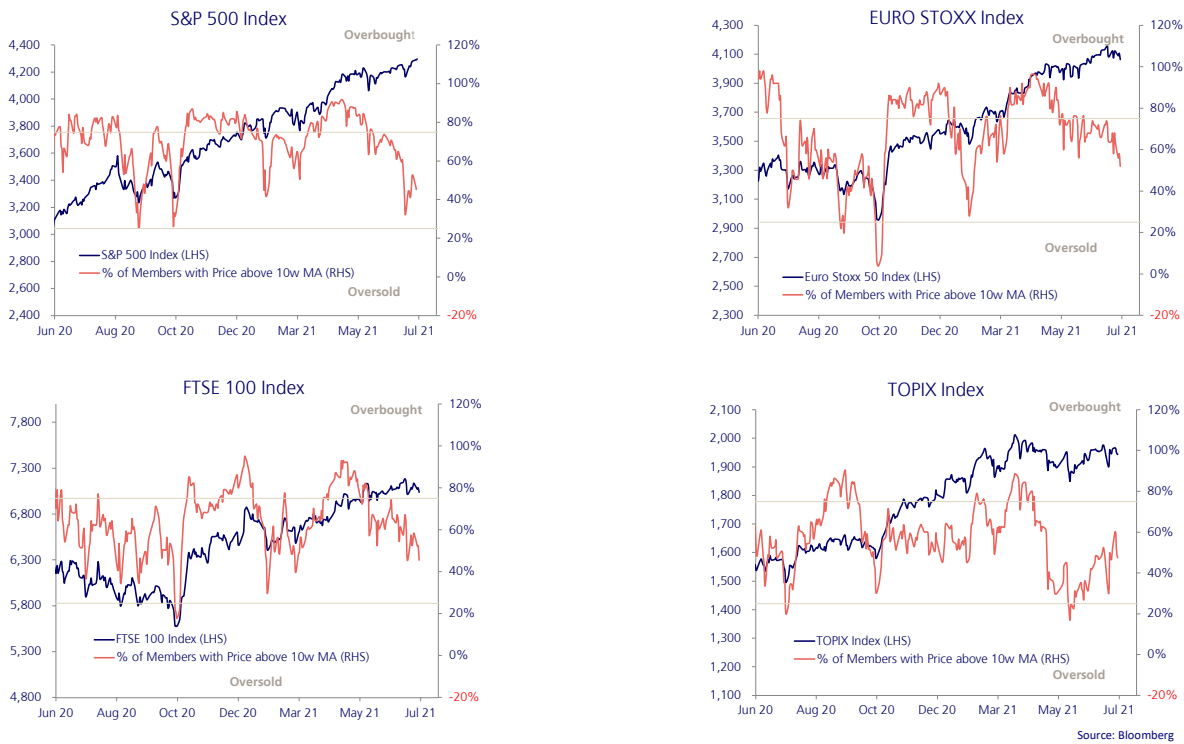
Source: Bloomberg

## Dividends and shares buybacks



Source: Bloomberg

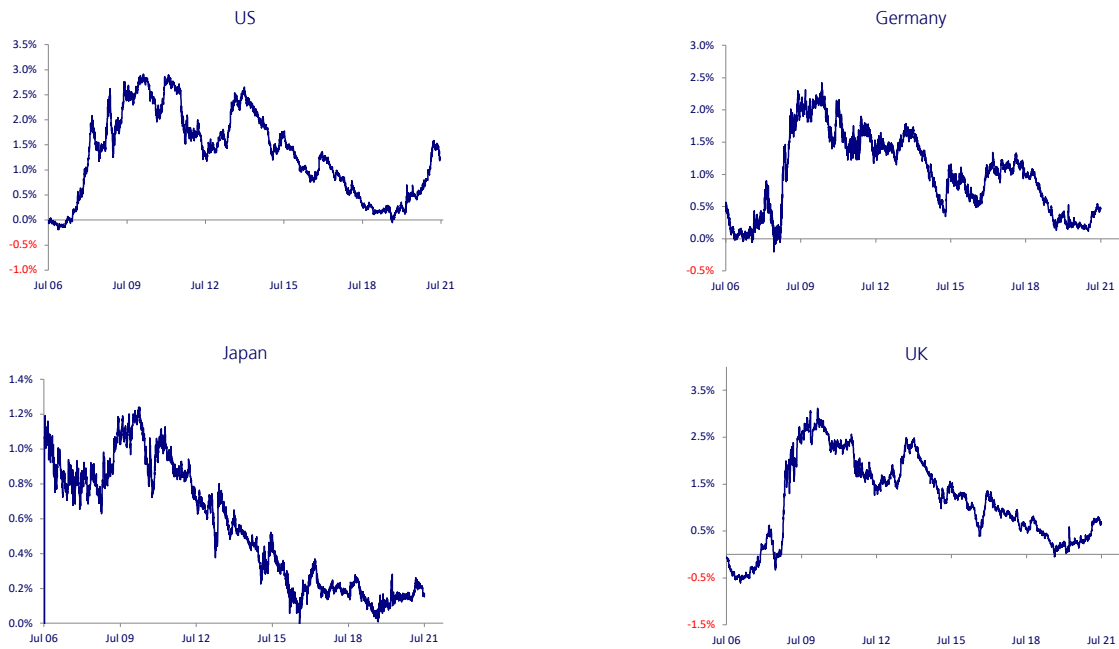
## Overbought / Oversold



Source: Bloomberg

## Appendix 3

### Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

### Spread Snapshot

#### Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Jul-21	1m ago	3m ago	1yr ago
UK	-75	-80	-93	-46
Germany	-168	-178	-205	-107
Switzerland	-169	-175	-203	-107
Japan	-141	-151	-160	-63
Australia	6	12	12	26
China	163	148	148	217
South Korea	63	59	33	72
Malaysia	182	164	139	217
Indonesia	512	483	497	656
Thailand	28		23	56
Philippines	259	n/a	n/a	n/a
Brazil	766	753	n/a	618
Mexico	551	500	512	507
Colombia	520	n/a	524	542
Peru	389	318	323	310

#### Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Jul-21	1m ago	3m ago	1yr ago
France	33	36	25	33
Netherlands	12	15	14	16
Belgium	31	32	31	32
Austria	21	24	22	24
Ireland	37	39	35	46
Italy	103	110	96	167
Spain	62	65	64	90
Portugal	60	65	54	87

Source: Bloomberg, ZIG

## Economic data

<b>US</b>	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Trend*
ISM Manufacturing (Index)	52.2	53.7	55.6	55.7	58.8	57.7	60.5	58.7	60.8	64.7	60.7	61.2		up
ISM Non-Manufacturing (Index)	56.5	56.6	57.2	57.2	56.2	56.8	57.7	58.7	55.3	63.7	62.7	64.0		up
Durable Goods (% MoM)	11.3	9.8	2.0	1.6	1.0	2.2	1.5	2.4	1.3	1.3	-0.8	2.3		down
Consumer Confidence (Index)	98.3	91.7	86.3	101.3	101.4	92.9	87.1	87.1	95.2	114.9	117.5	120.0	127.3	up
Retail Sales (% MoM)	2.1	2.9	3.2	6.0	5.6	3.8	2.3	9.4	6.5	29.7	53.4	28.1		up
Unemployment Rate (%)	11.1	10.2	8.4	7.8	6.9	6.7	6.7	6.3	6.2	6.0	6.1	5.8		down
Avg Hourly Earnings YoY (% YoY)	5.5	4.8	4.9	4.6	4.5	4.7	5.5	5.3	5.2	4.6	1.2	2.4		down
Change in Payrolls ('000, MoM)	4846.0	1726.0	1583.0	716.0	680.0	264.0	-306.0	233.0	536.0	785.0	278.0	559.0		up
PCE (% YoY)	1.1	1.3	1.4	1.5	1.4	1.3	1.4	1.4	1.4	1.9	3.1	3.4		up
GDP (% YoY, QoQ, Annualized)	-31.4			33.4			4.3			6.4				
<b>UK</b>	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Trend*
PMI Services (Index)	47.1	56.5	58.8	56.1	51.4	47.6	49.4	39.5	49.5	56.3	61.0	62.9	61.7	up
Consumer Confidence (Index)	-30.0	-27.0	-27.0	-25.0	-31.0	-33.0	-26.0	-28.0	-23.0	-16.0	-15.0	-9.0	-9.0	up
Unemployment Rate (%)	4.1	4.3	4.5	4.8	4.9	5.0	5.1	5.0	4.9	4.8	4.7			down
CPI (% YoY)	0.6	1.0	0.2	0.5	0.7	0.3	0.6	0.7	0.4	0.7	1.5	2.1		up
GDP (% YoY)	-21.4			-8.5			-7.3			-6.1				
<b>Eurozone</b>	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Trend*
PMI Manufacturing (Index)	47.4	51.8	51.7	53.7	54.8	53.8	55.2	54.8	57.9	62.5	62.9	63.1	63.1	up
PMI Services (Index)	48.3	54.7	50.5	48.0	46.9	41.7	46.4	45.4	45.7	49.6	50.5	55.2	58.0	up
Ifo Business Climate (Index)	85.8	90.0	92.0	92.8	92.5	91.3	92.5	90.4	92.6	96.7	96.7	99.2	101.8	up
Industrial Production (% MoM)	9.5	4.8	0.6	0.3	2.5	2.1	0.1	0.9	-1.2	0.4	0.8			up
Factory Orders GE (% MoM)	28.1	5.1	4.3	2.0	3.4	2.7	-1.8	0.8	1.6	3.9	-0.2			up
Unemployment Rate (%)	8.0	8.5	8.7	8.7	8.5	8.3	8.2	8.2	8.2	8.1	8.0			down
M3 Growth (% YoY, 3 months MA)	9.3	10.1	9.5	10.4	10.5	11.0	12.4	12.5	12.3	10.0	9.2	8.4		down
CPI (% YoY)	0.3	0.4	-0.2	-0.3	-0.3	-0.3	-0.3	0.9	0.9	1.3	1.6	2.0	1.9	up
Core CPI (% YoY)	0.8	1.2	0.4	0.2	0.2	0.2	0.2	1.4	1.1	0.9	0.7	1.0	0.9	down
GDP (% QoQ)	-11.5			12.6			-0.6			-0.3				
<b>Switzerland</b>	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Trend*
KOF Leading Indicator (Index)	64.8	86.7	107.0	110.0	106.4	104.0	104.4	96.7	102.5	117.8	136.3	143.7	133.4	up
PMI Manufacturing (Index)	41.4	49.6	51.0	52.8	52.9	54.5	57.3	59.4	61.3	66.3	69.5	69.9		up
Real Retail Sales (% YoY)	3.8	4.2	4.5	2.3	5.5	2.8	5.6	-1.1	-6.5	23.1	35.7			up
Trade Balance (Billion, CHF)	3.2	3.3	3.5	3.0	3.9	4.5	2.8	5.0	3.7	5.7	3.8	4.9		up
CPI (% YoY)	-1.3	-0.9	-0.9	-0.8	-0.6	-0.7	-0.8	-0.5	-0.5	-0.2	0.3	0.6		up
<b>Japan</b>	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Trend*
Nomura Manufacturing PMI (Index)	40.1	45.2	47.2	47.7	48.7	49.0	50.0	49.8	51.4	52.7	53.6	53.0	51.5	up
Machine Orders (% YoY)	-22.5	-16.2	-15.2	-11.5	2.8	-11.3	11.8	1.5	-7.1	-2.0	6.5			down
Industrial Production (% YoY)	-18.4	-15.9	-14.0	-9.1	-3.4	-4.1	-2.9	-5.3	-2.0	3.4	15.8	22.0		up
ECO Watchers Survey (Index)	38.0	41.3	43.3	48.7	53.6	46.1	36.5	30.1	40.7	49.5	39.4	36.4		up
Jobs to Applicants Ratio (Index)	1.1	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1		up
Labour Cash Earnings (% YoY)	-2.0	-1.5	-1.3	-0.9	-0.7	-1.8	-3.0	-1.3	-0.4	0.6	1.4			up
Department Store Sales (% YoY)	-19.1	-20.3	-22.0	-33.6	-1.7	-14.3	-13.7	-29.7	-10.7	21.8	167.0	65.2		up
Money Supply M2 (% YoY)	7.2	7.9	8.6	9.0	9.0	9.1	9.1	9.4	9.6	9.4	9.2	7.9		down
CPI Ex Food & Energy (% YoY)	0.2	0.3	-0.4	-0.3	-0.4	-0.4	-0.5	0.2	0.3	0.4	-0.2	-0.3		down
Exports (% YoY)	-26.2	-19.2	-14.8	-4.9	-0.2	-4.2	2.0	6.4	-4.5	16.1	38.0	49.6		up
<b>China</b>	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Trend*
PMI Manufacturing (Index)	50.9	51.1	51.0	51.5	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	down
Industrial Production (% YoY)	4.8	4.8	5.6	6.9	6.9	7.0	7.3			14.1	9.8	8.8		up
Retail Sales (% YoY)	-1.8	-1.1	0.5	3.3	4.3	5.0	4.6			34.2	17.7	12.4		up
PPI (% YoY)	-3.0	-2.4	-2.0	-2.1	-2.1	-1.5	-0.4	0.3	1.7	4.4	6.8	9.0		up
Exports (% YoY)	0.2	6.8	9.1	9.4	10.9	20.6	18.1	24.7	154.8	30.6	32.3	27.9		down
CPI (% YoY)	2.5	2.7	2.4	1.7	0.5	-0.5	0.2	-0.3	-0.2	0.4	0.9	1.3		up
RRR (%)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	neutral
GDP (% YoY)	3.2			4.9			6.5			18.3				up
PMI Non Manufacturing (Index)	50.9	51.1	51.0	51.5	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m

## Appendix 5

### Economic data

<b>Australia</b>	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Trend*
AIG Manufacturing (Index)	51.5	53.5	49.3	46.7	56.3	52.1	55.3	55.3	58.8	59.9	61.7	61.8		up
AIG Service (Index)	31.5	44.0	42.5	36.2	51.4	52.9	54.3	54.3	55.8	58.7	61.0	61.2		up
Westpac Consumer Confidence (% MoM)	6.3	-6.1	-9.5	18.0	11.9	2.5	4.1	-4.5	1.9	2.6	6.2	-4.8	-5.2	down
Building Approvals (% YoY)	-14.2	8.2	2.3	12.4	19.3	20.0	22.8	22.8	22.3	50.0	39.2			up
Employment Change ('000, MoM)	238.5	103.4	147.8	-45.6	161.1	88.2	37.9	25.6	76.6	69.3	-30.7	115.2		up

<b>Brazil</b>	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Trend*
CPI (% YoY)	2.1	2.3	2.4	3.1	3.9	4.3	4.5	4.6	5.2	6.1	6.8	8.1		up
Industrial Production (% YoY)	-21.9	-8.7	-2.7	-2.4	3.8	0.3	2.6	8.3	2.4	0.3	10.5	34.7		up
Retail Sales (% YoY)	-7.4	0.5	5.5	6.2	7.3	8.4	3.6	1.3	-0.4	-3.9	2.2	23.8		up
Trade Balance (Millions, USD)	6501.9	7601.2	5818.6	5083.4	4404.0	2488.3	2703.1	-407.8	1816.0	6444.8	9980.3	9290.9		up
Budget Balance Primary (Billions, BRL)	-210.2	-86.9	-121.9	-103.4	-30.9	-20.1	-75.8	17.9	-41.0	-44.5	30.0	-37.4		up

<b>Chile</b>	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Trend*
IMACEC Economic Activity Index (% YoY)	-13.58	-11.25	-10.90	-4.76	-0.92	0.98	-0.07	-2.93	-2.08	5.77	14.05			up
CPI (% YoY)	2.63	2.50	2.45	3.09	2.95	2.73	2.97	3.12	2.85	2.88	3.32	3.65		up
Retail Sales (% YoY)	-17.41	3.36	10.41	19.79	24.80	9.67	5.87	3.67	23.46	43.26	72.11			up
Industrial Production (% YoY)	-2.62	-3.38	-4.88	1.95	3.54	-0.42	-3.61	-2.40	-3.40	2.90	5.10	3.50		up
Unemployment (%)	12.20	13.10	12.90	12.30	11.60	10.80	10.30	10.20	10.30	10.40	10.20	10.00		down

<b>Mexico</b>	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Trend*
PMI (Index)	42.9	47.8	45.5	46.7	49.7	49.0	48.8	49.7	49.8	51.1	51.6	52.3		up
CPI (% YoY)	3.3	3.6	4.1	4.0	4.1	3.3	3.2	3.5	3.8	4.7	6.1	5.9		up
Retail Sales (% YoY)	-16.7	-12.6	-10.8	-7.1	-7.1	-5.1	-5.9	-7.6	-6.3	2.5	30.1			up
Industrial Production (% YoY)	-16.0	-8.7	-9.3	-3.1	-1.3	-2.2	2.5	-3.4	-4.7	6.3	52.0			up
Remittances (Millions, USD)	3537.0	3531.9	3574.2	3570.4	3601.7	3387.3	3646.2	3287.4	3170.7	4157.3	4047.6			down

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



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