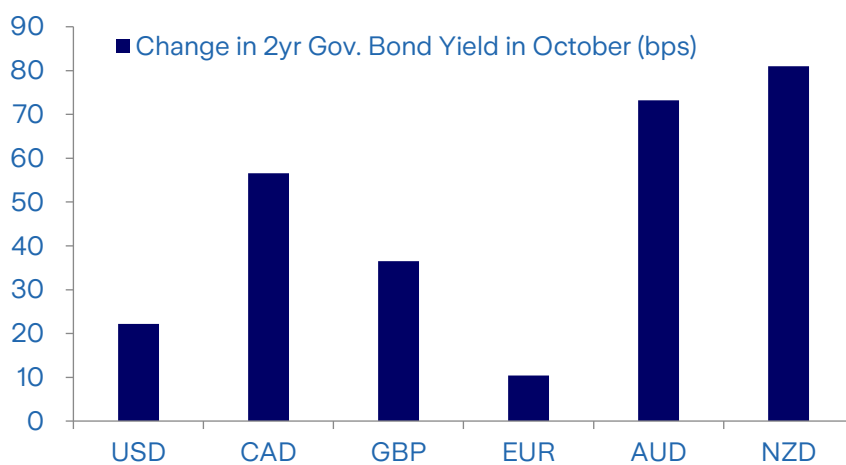


# Monthly Investment Insights

## Bear flattening amid stagflation fears



Source: Bloomberg

Concerns about stagflation haunt investors as supply bottlenecks in the global economy are persisting for longer than expected, with supply not matching the quicker than expected post-Covid demand recovery driven by massive fiscal and monetary support measures in major economies. We believe these fears are overdone, given the still solid global growth outlook. As the Fed is expected to taper before year end, market participants have shifted their expectations of Fed policy rate hikes forward, with the first hike expected for summer 2022, a move that we think is more likely to happen in early 2023. Short rates have risen quicker than long rates, which characterises a bear flattening of the US yield curve.

The global cycle of policy rate hikes started earlier this year and has accelerated recently in some countries. Brazil's Selic rate has surged from 2% to 7.75%, with the latest hike of 150bps bigger than consensus had expected. Chile's policy rate has been hiked three times since July from 0.5% to 2.75%. In Asia, the Bank of Korea lifted its policy rate by 25bps in August, and we expect another rate hike this month, while both Singapore and New Zealand have also started to tighten monetary policy. In Australia, shorter dated yields surged as the RBA did not defend its yield target following a higher-than-expected inflation print.

We stick to our view that the surge in inflation is largely transitory as some commodity prices like natural gas and copper appear to be topping out and as we do not yet see a broad-based impact on wages, though the impact of higher inflation on purchasing power in the low- to middle-income bracket deserves attention. It is also worth keeping a close eye on the impact of inflation on corporate earnings, particularly companies' ability to pass through higher input prices to consumers. Both the US and Eurozone Q3 earnings season is in full swing, with more than half of all companies having reported. In the US, the beat-miss ratio of 82% stands above its historical average, even though it has receded somewhat. Bank results have been favourable, while big tech companies shown mixed results. In the Eurozone, earnings have outpaced high expectations. As technical support levels have held for markets and investors have returned to buy the dip, our bullish conviction for stocks has increased, with seasonal trends expected to keep upward momentum going. Notwithstanding short-term setbacks, we remain constructive for risk assets, while we think that bear flattening in the bond market seems overdone.

## Market Assessment

### Key developments

- Global supply-chain disruptions and a resurgence of Delta infections in Europe hamper the growth outlook
- China's property giant Evergrande has avoided default for now, but risks remain
- Short-term yields surge on fears of early tightening by global central banks

### Zurich's view

Medium-term, global consumption should benefit from an increase in the Covid vaccination rate in many regions, though the risk of new variants is ever-present. Supply chain disruptions seem to have peaked, but a return to normal will take more time than consensus had previously expected. China's ongoing slowdown is a concern, but some targeted stimulus is expected to come through. A new fiscal package is in the offing in Japan following the LDP winning an absolute majority in the Lower House elections despite some losses.

The softer tone in credit over the previous weeks is ebbing, and the credit rally is likely to resume amid a decent economic outlook and a strong earnings season. That said, given tight spread levels, credit performance should continue to lag that of stocks on a risk adjusted basis. Overall, our outlook for risk assets, particularly equities, remains constructive both from a fundamental and a technical perspective. We favour Eurozone, Japan, and UK equities.

Following the rise in bond yields, the recent drift lower should be no surprise, but does not change our view that some upside potential remains in place given the central banks' recognition of inflationary pressures.

## Global

- Global growth is strong, but momentum has eased, mainly reflecting a normalisation in the manufacturing sector from stretched levels
- Inflation rises further on higher energy prices and ongoing supply chain issues, now also leading to a more marked pickup in inflation expectations
- Central banks accelerate rate hikes, which should help to contain inflation pressures

Global growth momentum eases as growth in developed economies falls back from a stretched level while emerging markets see a small rebound, mainly reflecting improving conditions in Asia as Covid restrictions are eased. Central banks accelerate tightening, with rate hikes in both emerging and developed economies as inflation rises further amid strong growth and a supportive fiscal stance. The continued rise in oil and gas prices will further delay the expected normalisation in inflation and has pushed inflation expectations higher. Central bank tightening will weigh on financial conditions and should help to contain growth and underlying price pressures going forward.

## US

- The S&P 500 index reaches a new all-time high, seven weeks after the previous one
- Business activity remains robust though labour market bottlenecks keep holding back growth in some sectors
- Inflation rates remain elevated as shelter costs are rising following the strong pickup in house prices

It took the S&P 500 index seven weeks to reach a new record high following a setback of more than 5%. The turnaround was helped by a decent start into the Q3 corporate earnings season, shifting investors' focus back to supportive fundamentals and away from long-term growth worries. The short-term resolution on the US debt ceiling also helped to lift sentiment. Meanwhile, business activity continues to expand at a solid pace though persistent labour market bottlenecks keep holding back growth in a number of sectors. Mirroring the improving employment situation, initial jobless claims fell to 290'000, marking a post-recession low. Finally, headline CPI inflation ticked up to 5.4% YoY in September while core CPI stayed at 4%. Rising shelter costs were a major contributor, a trend that is likely to continue for a while given the strong rise in house prices.

## UK

- Business activity regains momentum in October, driven by a pickup in services
- Inflation rates take a break but are likely to reaccelerate in the coming months
- The BoE is sending strong signals about its intention to hike rates soon

Business activity reaccelerated in October, driven by a marked pickup in the service sector. Meanwhile, manufacturing activity was held back by staff shortages and ongoing supply chain disruptions. The Composite PMI rose to 56.8, the highest since July. Persistent supply shortages and rising wages keep driving up input price inflation. Headline inflation receded to 3.1% YoY in September but is likely to pick up again in the coming months given ongoing price pressure in the pipeline. The Bank of England is increasingly worried about the inflationary environment and rising inflation expectations. Given that several members of the MPC have been hinting at a potential rate hike in the near future, expectations for the BoE's rate path have steepened markedly.

## Eurozone

- Inflation surges even higher in October on the back of record high energy inflation
- The ECB attempts to push back on rate hike expectations, but financial markets remain unconvinced
- Eurozone GDP increases more than 2% in Q3, while Q4 will see a slowdown in growth but to a still above trend pace

Eurozone inflation surged to a fresh multi-year high in October, driven by record high energy inflation. Headline inflation rose from 3.4% in September to 4.1% in October, while core inflation increased from 1.9% to 2.1%. While inflation should moderate in 2022 as various base effects moderate, financial markets have nonetheless priced in a first deposit rate hike by the ECB in late 2022. We think this is unlikely and the ECB has also tried to push back against this perception, but it is facing a difficult communication challenge. Inflation is also surging partly because of the economic rebound from Covid. The Eurozone grew 2.1% in Q2 and 22.2% QoQ in Q3. We expect growth to moderate in Q4 and Q1 2022, though to a still above-trend pace.

## Switzerland

- Growth stabilises after easing back from elevated levels, with both external demand and domestic spending remaining favourable
- Consumer price inflation moderates, with benign core and headline price pressures
- The SNB is expected to remain on hold for the foreseeable future, despite a hawkish shift among many other central banks

After easing back from an elevated level, growth has stabilised at a more balanced level. It remains well above trend, supported by strong external demand and a favourable domestic backdrop, with ongoing improvements in the labour market and resilient consumer confidence. Export values are on a firm up track, which bodes well for investment and job creation, while the retail sector is benefiting from less cross border trade. Inflation surprised on the downside in September, with core and headline CPI inflation remaining benign. While a more hawkish outlook is now being priced in for global central banks, we continue to expect the SNB to leave monetary policy unchanged for the foreseeable future, though some measures to contain house price appreciation are likely.

## Japan

- New Covid cases have collapsed while the state of emergency has been lifted
- The ruling LDP wins an absolute majority in the Lower House election
- Japanese equities have given up about 70% of their recent outperformance versus global equities

The situation has improved markedly on the Covid front and consumption has cautiously picked up again. Manufacturing activity has also stabilised, though the auto sector is still suffering from supply chain bottlenecks in some ASEAN countries. The quarterly corporate Tankan survey suggests that managers are looking through the crisis and have become more optimistic in both the service and manufacturing sector. Despite some losses, the ruling LDP secured an absolute majority in the Lower House election and remains in power with its coalition partner Komeito. Japanese equities have stabilised but have given up about 70% of the strong outperformance versus global equities achieved in September, while the JPY has appreciated versus the USD to levels last seen five years ago.

## China

- China's economic activity slowed down significantly in Q3 and into October
- Strict Delta related restrictions are hitting consumption, while the property sector is in a downturn
- The rally in 'H'-shares appears to be dwindling, while 'A'-shares remain rangebound

China's economic activity slowed significantly in Q3 and into Q4. Cautious consumption amid various Delta related restrictions and the slowdown in the property sector keep economic activity lacklustre, even though exports and manufacturing investments remain solid. The government's deleveraging policies remain dominant, though some more targeted stimulus is expected to come through soon. Property developer Evergrande avoided default due to a last-minute payment to bond holders and has started to proceed with ten residential construction projects. While domestic 'A'-shares remain rangebound, investor interest in some beaten internet plays in the 'H'-share segment had become evident before the most recent setback occurred. The CNH has strengthened.

## Australia

- Rebounds in confidence indices and PMIs signal a potential recovery in economic activity
- Despite more hawkish global central banks, the RBA is maintaining its stance on keeping its policy rate ultra-low until 2024
- Equity markets are rejuvenated as global stocks rebound and domestic conditions improve

With more than 70% of the population fully vaccinated, New South Wales and Victoria reopened at the end of October. Leading indicators suggest that a recovery is forthcoming. As high saving rates and generous government cash transfers helped cushion income losses during lockdowns, the recovery in consumption is likely to be brisk, especially towards the upcoming holiday season. The RBA kept its stance on no rate hikes until 2024, which is more dovish than other major central banks. However, we think much will depend on the inflation outlook, which looks more concerning amid longer than expected global supply chain disruptions. With the ASX 200 Index shrugging off its September losses, we think the uptrend in equities has further to run amid the reopening optimism.

## LatAm

- Brazil announces increased social spending and changes to the spending cap, eroding the fiscal outlook, undermining confidence, and increasing inflation expectations
- MSCI LatAm continues to fall, mainly due to the fiscal outlook in Brazil, while equities in Argentina continue to outperform
- Inflation accelerates in LatAm, with most central banks tightening and more hawkish statements in Brazil, Chile and Mexico

In Brazil, the acceleration in inflation to 10.25% YoY, the announced increase in the cash-transfer social program and changes to the spending cap rules, and the increase in breakeven inflation pushed the Banco Central do Brasil to accelerate tightening and raise the Selic rate by 150bps to 7.75%. The equity market fell ~6.7%, and the BRL depreciated ~3.3%, one of the worst performing emerging market currencies. In Chile, inflation surprised to the upside, reaching 5.3% YoY, and the Banco Central de Chile accelerated the tightening pace, increasing the MPR by 125bps to 2.75%, and modifying the forward guidance. Equity market and sovereign yields benefited from the lower likelihood of the fourth pension funds withdrawal approval but still performed negatively during the month.

Valuation snapshot (MSCI Indices)

Current trailing valuations

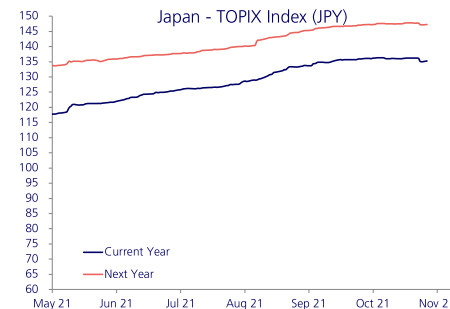
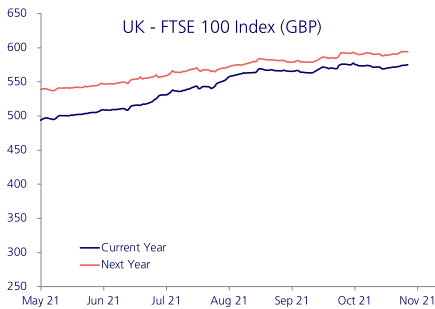
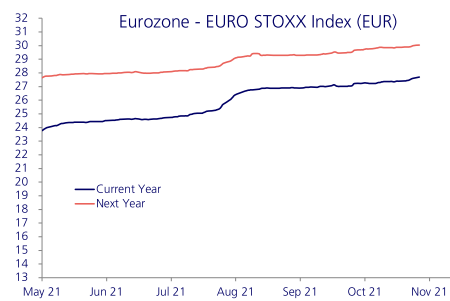
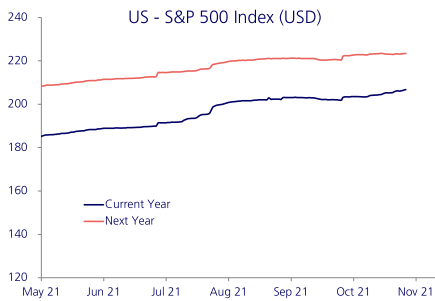
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	25.92	18.65	17.82	20.21	17.74	17.48	14.47	7.00	14.27
12m Trailing P/B	4.70	2.21	1.79	3.36	1.52	1.95	1.78	1.90	2.14
12m Trailing P/CF	22.36	8.61	5.44	12.09	11.16	10.74	8.64	4.48	7.61
Dividend Yield	1.35	2.22	3.74	2.57	2.01	2.21	1.68	6.25	2.40
ROE	18.14	11.83	10.06	16.63	8.58	11.13	12.30	27.12	14.98

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.20	0.87	0.83	0.94	0.82	0.81	0.67	0.33	0.66
12m Trailing P/B	1.59	0.74	0.61	1.13	0.51	0.66	0.60	0.64	0.72
12m Trailing P/CF	1.72	0.66	0.42	0.93	0.86	0.82	0.66	0.34	0.58
Dividend Yield	0.75	1.24	2.08	1.43	1.12	1.23	0.94	3.48	1.34
ROE	1.32	0.86	0.73	1.21	0.62	0.81	0.89	1.97	1.09

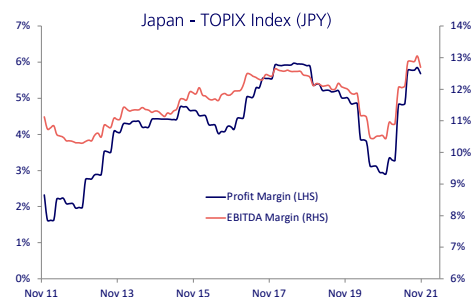
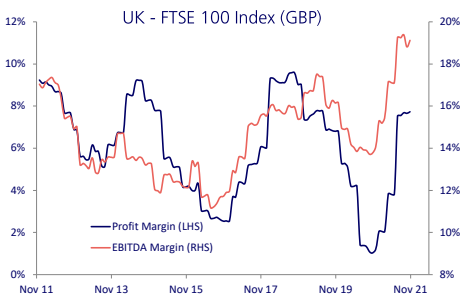
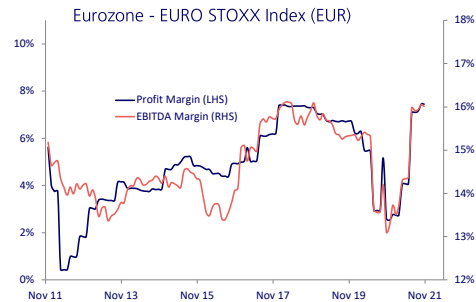
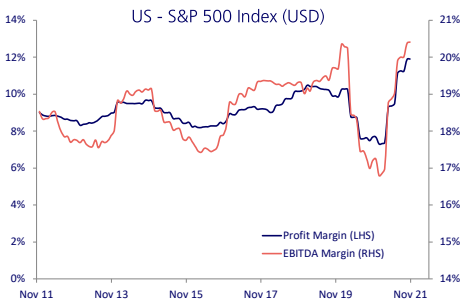
Source: Datastream

Earnings estimates - Full fiscal years



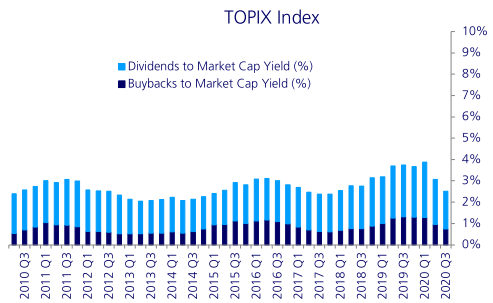
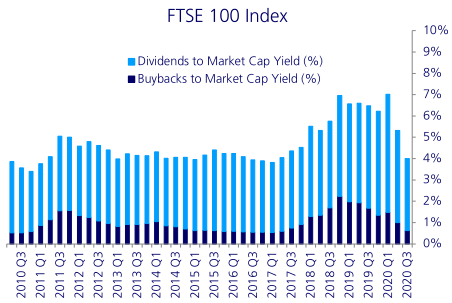
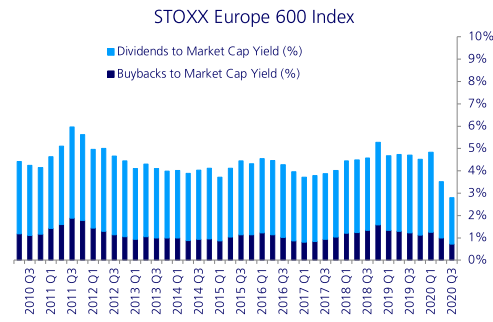
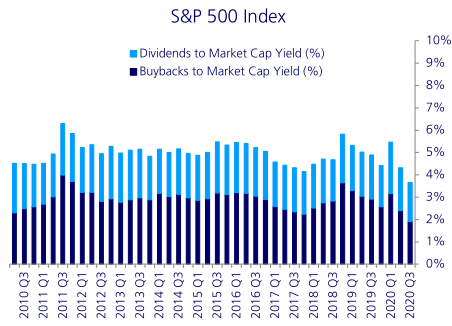
Source: Bloomberg

Historical margins



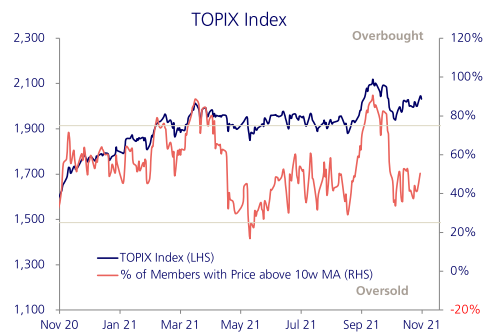
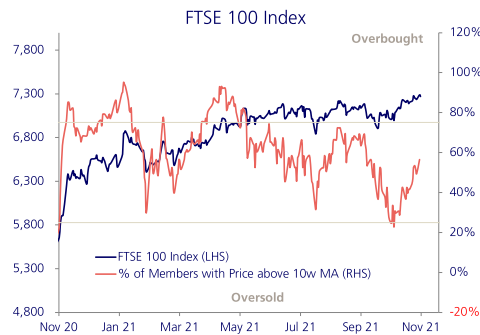
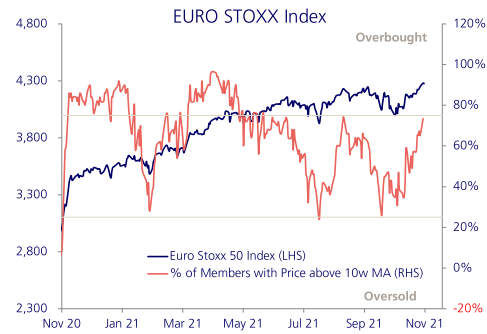
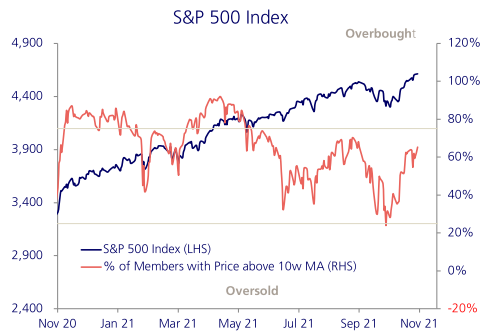
Source: Bloomberg

## Dividends and shares buybacks



Source: Bloomberg

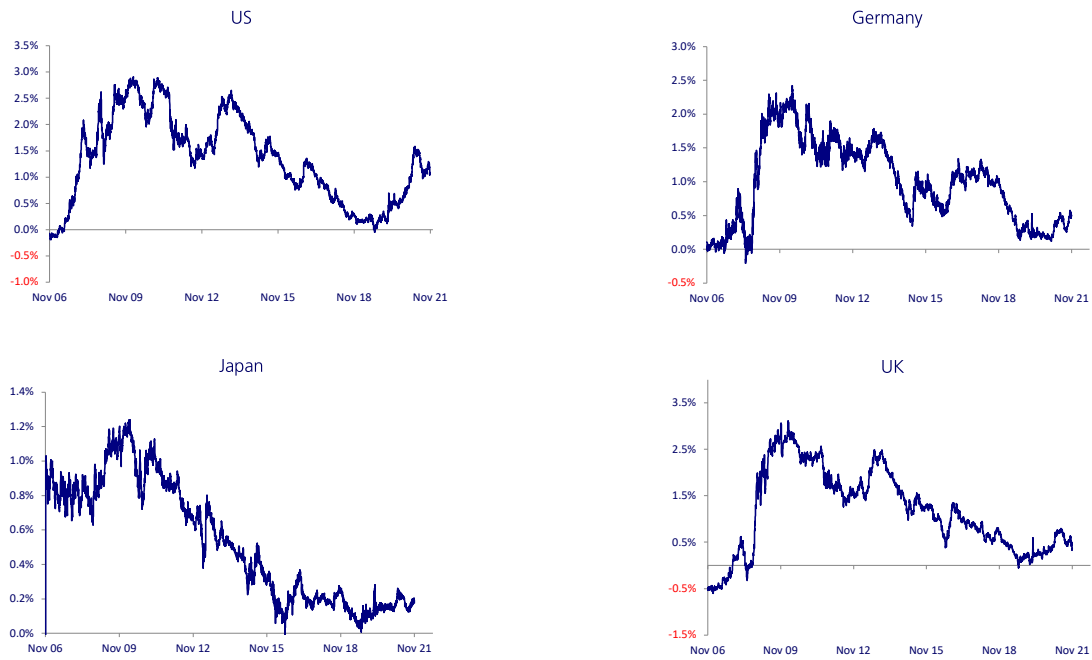
## Overbought / Oversold



Source: Bloomberg

## Appendix 3

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



Source: Bloomberg

### Spread Snapshot

#### Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Nov-21	1m ago	3m ago	1yr ago
UK	-51	-46	-67	-62
Germany	-168	-169	-168	-148
Switzerland	-160	-164	-159	-137
Japan	-148	-140	-118	-80
Australia	34	3	-4	-2
China	137	142	165	234
South Korea	96	79	68	76
Malaysia	206	189	200	180
Indonesia	453	478	508	576
Thailand	44		29	50
Philippines	251	n/a	n/a	n/a
Brazil	1079	n/a	841	n/a
Mexico	606	595	579	546
Colombia	649	618	n/a	493
Peru	428	493	485	333

#### Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Nov-21	1m ago	3m ago	1yr ago
France	36	35	35	29
Netherlands	14	12	13	12
Belgium	32	32	34	25
Austria	25	23	25	20
Ireland	41	37	41	37
Italy	127	104	105	139
Spain	72	65	73	76
Portugal	64	55	63	73

Source: Bloomberg, ZIG

## Economic data

<b>US</b>	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Trend*
ISM Manufacturing (Index)	58.8	57.7	60.5	58.7	60.8	64.7	60.7	61.2	60.6	59.5	59.9	61.1	60.8	up
ISM Non-Manufacturing (Index)	56.2	56.8	57.7	58.7	55.3	63.7	62.7	64.0	60.1	64.1	61.7	61.9		up
Durable Goods (% MoM)	1.0	2.2	1.5	2.4	1.3	1.3	-0.7	3.2	0.8	0.5	1.3	-0.4		down
Consumer Confidence (Index)	101.4	92.9	87.1	87.1	95.2	114.9	117.5	120.0	128.9	125.1	115.2	109.8	113.8	down
Retail Sales (% MoM)	5.6	3.8	2.3	9.4	6.5	29.7	53.4	28.0	18.9	15.3	15.4	13.9		down
Unemployment Rate (%)	6.9	6.7	6.7	6.3	6.2	6.0	6.1	5.8	5.9	5.4	5.2	4.8		down
Avg Hourly Earnings YoY (% YoY)	4.5	4.7	5.5	5.3	5.2	4.6	1.2	2.4	3.8	4.8	4.8	5.5		up
Change in Payrolls ('000, MoM)	680.0	264.0	-306.0	233.0	536.0	785.0	269.0	614.0	962.0	1091.0	366.0	194.0		down
PCE (% YoY)	1.4	1.4	1.5	1.5	1.5	2.0	3.1	3.5	3.6	3.6	3.6	3.6		up
GDP (% QoQ, Annualized)			4.5			6.3			6.7			2.0		down
<b>UK</b>	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Trend*
PMI Services (Index)	51.4	47.6	49.4	39.5	49.5	56.3	61.0	62.9	62.4	59.6	55.0	55.4	58.0	down
Consumer Confidence (Index)	-31.0	-33.0	-26.0	-28.0	-23.0	-16.0	-15.0	-9.0	-9.0	-7.0	-8.0	-13.0	-17.0	down
Unemployment Rate (%)	5.0	5.1	5.2	5.1	5.0	4.9	4.8	4.8	4.7	4.6	4.5			down
CPI (% YoY)	0.7	0.3	0.6	0.7	0.4	0.7	1.5	2.1	2.5	2.0	3.2	3.1		up
GDP (% YoY)			-7.1			-5.8			23.6					
<b>Eurozone</b>	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Trend*
PMI Manufacturing (Index)	54.8	53.8	55.2	54.8	57.9	62.5	62.9	63.1	63.4	62.8	61.4	58.6	58.5	down
PMI Services (Index)	46.9	41.7	46.4	45.4	45.7	49.6	50.5	55.2	58.3	59.8	59.0	56.4	54.7	down
IFO Business Climate (Index)	92.2	91.3	92.8	90.8	93.0	96.7	96.5	99.3	102.0	100.8	99.7	98.9	97.7	down
Industrial Production (% MoM)	2.6	1.9	0.0	1.2	-1.3	0.7	0.7	-1.1	0.2	1.4	-1.6			down
Factory Orders GE (% MoM)	3.6	2.6	-1.7	0.6	1.7	3.2	1.4	-3.4	4.6	4.9	-7.7			down
Unemployment Rate (%)	8.4	8.1	8.1	8.2	8.1	8.1	8.2	8.0	7.8	7.6	7.5			down
M3 Growth (% YoY, 3 months MA)	10.5	11.0	12.3	12.5	12.2	10.0	9.2	8.5	8.3	7.6	7.9	7.4		down
CPI (% YoY)	-0.3	-0.3	-0.3	0.9	0.9	1.3	1.6	2.0	1.9	2.2	3.0	3.4	4.1	up
Core CPI (% YoY)	0.2	0.2	0.2	1.4	1.1	0.9	0.7	1.0	0.9	0.7	1.6	1.9	2.1	up
GDP (% QoQ)			-0.4			-0.3			2.1			2.2		up
<b>Switzerland</b>	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Trend*
KOF Leading Indicator (Index)	107.7	106.0	105.7	96.3	103.1	119.3	135.4	143.5	132.7	130.2	113.5	111.0	110.7	down
PMI Manufacturing (Index)	52.9	54.5	57.3	59.4	61.3	66.3	69.5	69.9	66.7	71.1	67.7	68.1	65.4	down
Real Retail Sales (% YoY)	5.6	2.7	5.5	-1.1	-7.1	23.1	38.3	2.5	0.2	-2.3	0.8	2.5		down
Trade Balance (Billion, CHF)	3.9	4.5	2.8	5.0	3.7	5.7	3.7	4.8	5.5	5.4	5.1	5.1		up
CPI (% YoY)	-0.6	-0.7	-0.8	-0.5	-0.5	-0.2	0.3	0.6	0.6	0.7	0.9	0.9	1.2	up
<b>Japan</b>	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Trend*
Nomura Manufacturing PMI (Index)	48.7	49.0	50.0	49.8	51.4	52.7	53.6	53.0	52.4	53.0	52.7	51.5	53.2	down
Machine Orders (% YoY)	2.8	-11.3	11.8	1.5	-7.1	-2.0	6.5	12.2	18.6	11.1	17.0			down
Industrial Production (% YoY)	-3.4	-4.1	-2.9	-5.3	-2.0	3.4	15.8	21.1	23.0	11.6	8.8	-2.3		down
ECO Watchers Survey (Index)	53.6	46.1	36.5	30.1	40.7	49.5	39.4	36.4	45.4	47.7	34.3	43.3		up
Jobs to Applicants Ratio (Index)	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.2		up
Labour Cash Earnings (% YoY)	-0.7	-1.8	-3.0	-1.3	-0.4	0.6	1.4	1.9	0.1	0.6	0.6			down
Department Store Sales (% YoY)	-1.7	-14.3	-13.7	-29.7	-10.7	21.8	167.0	65.2	-1.6	4.2	-11.7	-4.3		down
Money Supply M2 (% YoY)	9.0	9.1	9.2	9.4	9.6	9.5	9.3	8.0	5.9	5.3	4.7	4.2		down
CPI Ex Food & Energy (% YoY)	-0.4	-0.4	-0.5	0.1	0.1	0.0	-1.2	-1.1	-1.1	-0.8	-0.7	-0.8		up
Exports (% YoY)	-0.2	-4.2	2.0	6.4	-4.5	16.1	38.0	49.6	48.6	37.0	26.2	13.0		down
<b>China</b>	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Trend*
PMI Manufacturing (Index)	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	50.1	49.6	49.2	down
Industrial Production (% YoY)	6.9	7.0	7.3			14.1	9.8	8.8	8.3	6.4	5.3	3.1		down
Retail Sales (% YoY)	4.3	5.0	4.6			34.2	17.7	12.4	12.1	8.5	2.5	4.4		down
PPI (% YoY)	-2.1	-1.5	-0.4	0.3	1.7	4.4	6.8	9.0	8.8	9.0	9.5	10.7		up
Exports (% YoY)	10.9	20.6	18.1	24.6	154.7	30.5	32.1	27.8	32.2	19.3	25.6	28.1		down
CPI (% YoY)	0.5	-0.5	0.2	-0.3	-0.2	0.4	0.9	1.3	1.1	1.0	0.8	0.7		down
RRR (%)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.0	12.0	12.0	12.0	down
GDP (% YoY)			6.5			18.3			7.9			4.9		down
PMI Non Manufacturing (Index)	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	50.1	49.6	49.2	down
Aggregate Financing (Billions, CNY)														neutral

## Appendix 5

### Economic data

<b>Australia</b>	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Trend*
AIG Manufacturing (Index)	56.3	52.1	55.3	55.3	58.8	59.9	61.7	61.8	63.2	60.8	51.6	51.2	50.4	down
AIG Service (Index)	51.4	52.9	54.3	54.3	55.8	58.7	61.0	61.2	57.8	51.7	45.6	45.7		down
Westpac Consumer Confidence (% MoM)	11.9	2.5	4.1	-4.5	1.9	2.6	6.2	-4.8	-5.2	1.5	-4.4	2.0	-1.5	up
Building Approvals (% YoY)	21.6	20.0	20.4	25.3	24.5	53.8	46.1	55.4	51.1	21.0	31.2			down
Employment Change ('000, MoM)	159.9	87.5	37.3	29.1	81.3	75.0	-30.1	116.7	28.0	3.1	-146.3	-138.0		down

<b>Brazil</b>	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Trend*
CPI (% YoY)	3.9	4.3	4.5	4.6	5.2	6.1	6.8	8.1	8.4	9.0	9.7	10.3		up
Industrial Production (% YoY)	3.8	0.3	2.6	8.3	2.4	0.3	10.5	34.8	24.1	12.0	1.2	-0.7		down
Retail Sales (% YoY)	7.3	8.4	3.6	1.3	-0.4	-3.9	2.2	23.7	15.9	6.3	5.7	-4.1		down
Trade Balance (Millions, USD)	4404.0	2488.3	2703.1	-205.1	1834.6	6423.4	9881.8	8594.5	10466.2	7478.0	7637.5	4322.0		down
Budget Balance Primary (Billions, BRL)	-30.9	-20.1	-75.8	17.9	-41.0	-44.5	30.0	-37.4	-75.6	-55.4	-29.7	-42.0		down

<b>Chile</b>	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Trend*
IMACEC Economic Activity Index (% YoY)	-0.92	0.98	-0.07	-2.95	-2.02	6.22	14.58	19.18	20.61	18.08	19.08			down
CPI (% YoY)	2.95	2.73	2.97	3.12	2.85	2.88	3.32	3.65	3.80	4.54	4.78	5.34		up
Retail Sales (% YoY)	24.80	9.67	5.87	3.67	23.46	43.26	72.06	64.89	61.78	24.21	19.93			down
Industrial Production (% YoY)	3.54	-0.42	-3.61	-2.40	-3.40	2.90	5.10	3.50	6.00	4.83	4.24	-0.74		down
Unemployment (%)	11.60	10.80	10.30	10.20	10.30	10.40	10.20	10.00	9.50	8.90	8.50	8.40		down

<b>Mexico</b>	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Trend*
PMI (Index)	49.8	49.0	48.8	49.7	50.0	51.1	50.7	52.2	52.1	51.7	50.9	50.0	50.7	down
CPI (% YoY)	4.0	3.3	3.2	3.5	3.8	4.7	6.1	5.9	5.9	5.8	5.6	6.0		down
Retail Sales (% YoY)	-7.1	-5.1	-5.7	-7.5	-6.4	2.6	30.5	29.4	17.0	9.9	7.2			down
Industrial Production (% YoY)	-1.3	-2.2	2.5	-3.4	-4.7	6.3	52.0	48.1	16.4	6.2	6.6			down
Remittances (Millions, USD)	3601.7	3387.3	3650.1	3287.4	3170.7	4157.3	4048.3	4525.8	4457.5	4540.3	4743.6	4403.0		up

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



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