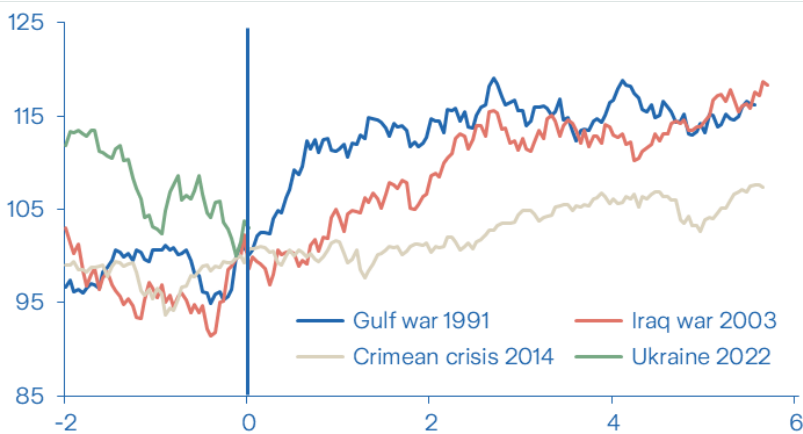


# Monthly Investment Insights

1 March 2022



## S&P 500 performance in months prior to and after crises



Source: Bloomberg (Indexed to 100 at outbreak of war)

History shows that investors are quick to look through conflicts once military action gets underway, sending equity prices higher. Despite the tragic human cost of war, from an investment perspective what matters is the impact it has on commodity prices and economic growth, as well as the resulting monetary and fiscal policy. Consequently, the current crisis comes at a difficult time. Inflation is already problematic in most regions and both fiscal and monetary policies are generally tightening. A further persistent surge in energy and food prices will present policy makers with a dilemma. We suspect that central banks will keep to their inflation fighting mandates, with the Fed tightening at its March meeting. However, future moves and those from other key players are not on a predetermined course and will adapt to developments. For market moves to conform to historic precedent it will be critical that the war does not become protracted and that Russia does not extend its reach beyond Ukraine. While we think a rebound in stocks is likely, it should be remembered that markets were already under pressure before the rapid escalation in Ukraine.

The continued surge in inflation has resulted in a marked turn in central bank posturing, with the BoE having already raised rates twice over the past few months and market pricing implying six rate hikes should be expected from the Fed this year. Interestingly, the same measure also implies a policy error as rates are projected to be cut again by the middle of 2023. This rate hike profile seems overly aggressive and we anticipate a more muted policy response. Inflation is still likely to peak shortly, helped by base effects, improving supply chains and rebalancing growth away from goods consumption and towards services. However, we acknowledge that the pace and persistence of the decline may be less than we had originally thought, not helped by the current geopolitical developments.

Despite the challenges, we are constructive on the outlook for equity markets although the tail risks around this are meaningful. The pull-back in most indices since the start of the year has been significant and speculative excesses have been erased. Investor sentiment readings have moved to multi year lows, while positioning data also suggests a cautious stance. Given the embedded fears around inflation, rising interest rates and war in Europe, an improvement in news flow on any level seems likely to lift stocks from current levels. Credit markets still remain rich despite the recent spread widening and while we are not predicting a bear market, spreads remain fairly rich given credit fundamentals and we would need to see further widening before taking a more constructive stance. Perhaps one surprising feature of the sell-off in risk assets has been that government bond yields have not fallen on a search for safe havens. 10yr Treasuries are again testing 2% and we see a further, albeit relatively modest, move higher in bond yields over time.

## Market Assessment

### Key developments

- War in Europe as Russia invades Ukraine, sending energy prices higher and injecting uncertainty into markets
- Inflation continues to surprise to the upside in most regions at both headline and core levels
- Central banks signal a faster pace of policy tightening through higher rates and shrinking balance sheets

### Zurich's view

Prior to the invasion of Ukraine, the key asset classes of equities, credit and government bonds were under pressure. Investors anticipated a more aggressive monetary tightening cycle in response to surging inflation. While inflation is still surprising to the upside, we maintain that it is on the verge of peaking in the next few months which, combined with slowing growth in the second half of the year, should remove some of the upside in terms of rate hikes.

For markets, the tragic developments in Ukraine are most relevant in terms of the impact they will have on the global inflation and interest rate outlook. Beyond the humanitarian crisis, we suspect that the impact will be limited, provided the conflict does not get bogged down or spill over beyond Ukrainian borders.

Consequently, while volatility will remain high across asset classes, we see a recovery in equity markets, albeit in a lumpy fashion and it will take time before a consistent up track is established. Credit market valuations remain uninviting, although any further spread widening during this crisis could present opportunities. We maintain government bonds are unattractive, with yields expected to move higher.

Key developments	Zurich's view
<p>Global</p> <ul style="list-style-type: none"> <li>Economic activity rebounds in February as concerns around Omicron recede, inflation remains elevated</li> <li>Major central banks accelerate tightening plans, with a further repricing in the rates market</li> <li>Geopolitical events exacerbate inflation pressures while the impact on global growth should be less material, unless sanctions ramp up</li> </ul>	<p>The Flash PMIs show a rebound in services activity in February as worries around Omicron have receded. Manufacturing activity stayed firm, with growth well above trend, boosted by strong demand and some supply chain improvements. Inflation continued to surprise on the upside in the western world and monetary policy reached an inflection point, as major central banks stepped up their tightening plans. Geopolitical events could temper the speed of stimulus removal near term, but with inflation pressures elevated there is limited space for central banks to renege on their plans. A further rise in energy and commodity prices will delay the peak in inflation while growth is likely to be resilient, with labour market tightness a particular concern.</p>
<p>US</p> <ul style="list-style-type: none"> <li>Economic activity picks up following a muted start to the year</li> <li>Services sectors show pent-up demand as restrictions are lifted</li> <li>Correction in equities is expected to be relatively short lived</li> </ul>	<p>Following the Omicron induced slowdown at the turn of the year, there are now tangible signs that growth is accelerating. This is reflected across a broad range of measures including retail sales, durable goods orders and the labour market. PMI readings show that services experienced a material improvement in February. Consequently, with inflation still uncomfortably high we maintain that the Fed will start to hike rates with a 25bp move in March, despite troubling geopolitical developments. The fall in US financial markets since the start of the year has been significant, and while we believe the Fed will factor this into its analysis, we don't believe it changes the direction of travel for rates. In addition, following a period of consolidation we see stocks moving higher, albeit in a sporadic and lumpy fashion.</p>
<p>UK</p> <ul style="list-style-type: none"> <li>The Bank of England raises interest rates from 0.25% to 0.5%</li> <li>Retail sales rebound in January following the dip in December</li> <li>Services confidence jumps back sharply on the latest PMI readings</li> </ul>	<p>At its policy meeting in February, the Bank of England raised interest rates by 25bps to 0.5%, but with four out of five Monetary Policy Committee (MPC) members voting in favour of a 50bp move. The MPC also voted unanimously to begin passively reducing the stock of previous UK government bond purchases under its QE programme. We expect further rate hikes later this year, with recent policymaker commentary suggesting a continuation of 25bp rate increases rather than increments of 50bps. Encouragingly, services confidence jumped sharply from 54.1 in January to 60.8 in February as the sector recovers from the most recent Covid wave. The UK stock market has been more resilient than many others in the latest bout of volatility, helped by the strong performance of energy and material stocks.</p>
<p>Eurozone</p> <ul style="list-style-type: none"> <li>ECB President Christine Lagarde refuses to rule out ECB interest rate increases later in 2022</li> <li>Data confirm industrial sector rebound, while service sector sentiment also improves</li> <li>Higher natural gas and oil prices will push up inflation and could crimp growth</li> </ul>	<p>Inflation in January was much higher than expected, even before the latest spike in oil and gas prices. As a result, in a big departure from previous statements, ECB President Christine Lagarde refused to rule out raising interest rates later in 2022. ECB policymakers have also indicated that they favour tapering asset purchases at an accelerated pace. Consequently, we now expect QE to end in Q3 and the ECB to raise interest rates in Q4. Recent data have shown output rebounding sharply in the auto sector as supply chain problems improve and services sector confidence bouncing back as the Omicron wave subsides. This points to stronger growth later in 2022, although the data came out before the latest geopolitical developments. The increase in oil and gas prices could impact sentiment going forward.</p>
<p>Switzerland</p> <ul style="list-style-type: none"> <li>Growth should be resilient over the coming year, boosted by strong external demand and a favourable domestic backdrop</li> <li>The SNB is expected to leave rates on hold in 2022, reflecting benign inflation and ongoing currency strength</li> <li>Elevated geopolitical uncertainty boosts demand for safe-haven assets, including the Swiss franc</li> </ul>	<p>GDP grew by 0.3% QoQ in Q4 after a 1.9% expansion in Q3, leaving annual growth in 2021 at 3.7%. Growth should remain brisk in 2022 and it is encouraging that exports and retail sales have rebounded after a soft winter patch, while manufacturers continue to benefit from strong global demand. Consumer confidence has weakened due to inflation worries but with healthy labour markets and a favourable financial backdrop, it is unlikely to become a problem. Inflation has risen but remains benign, with core CPI at only 0.8% YoY. We expect the SNB to leave rates on hold in 2022, reflecting elevated geopolitical risk and currency strength. The reactivation of the countercyclical capital buffer is prudent and should help to limit a further build up in housing market imbalances in the low yield environment.</p>

Key developments	Zurich's view
<p>Japan</p> <ul style="list-style-type: none"> <li>Services consumption is taking a hit amid the Omicron wave</li> <li>Manufacturing production plans suffer from labour shortages and supply chain bottlenecks</li> <li>Japanese equities fall in line with global equities despite solid earnings reports</li> </ul>	<p>Surveys including the PMIs, the Eco Watcher Survey and the Reuters Tankan indicate a hit to services consumption in Q1 following the surge in Omicron infections. Though new Covid cases are diminishing, they remain higher than those in the US on a per-capita basis. Manufacturing production is suffering from labour shortages, again due to Omicron, and persisting supply bottlenecks. Inflation is starting to creep higher, though it is not a major problem compared to other countries. The MSCI Japan is down about 10% from its high early this year, roughly in line with global equities, while the yen remains rangebound versus the US dollar for the last five months. Earnings growth is coming in better than consensus estimates, though the rise in margins should slow amid higher input costs.</p>
<p>China</p> <ul style="list-style-type: none"> <li>Lunar New Year services consumption suffers from mobility restrictions</li> <li>The credit impulse continues to pick up speed</li> <li>The downtrend in the MSCI China stock index remains intact</li> </ul>	<p>Lunar New Year consumption remained soft as mobility restrictions hit services consumption. Tourism revenue was down about 43% compared to pre-Covid 2019 and was slightly weaker compared to the same period last year. Home sales remain soft, though home prices have fallen less than in the prior months. Mortgage lending conditions have eased, which should spur demand later this year. Local government bond issuance as well as corporate lending are picking up steam, supporting the credit impulse that keeps improving after bottoming out. The PPI-CPI gap remains high but is expected to fall. The MSCI China remains in a downtrend, now about 40% lower than its high a year ago, though relative performance versus global equities is stabilising. The yuan keeps appreciating slowly versus the US dollar.</p>
<p>Australia</p> <ul style="list-style-type: none"> <li>After two years, Australia is again opening up to foreign visitors</li> <li>The RBA takes a wait-and-see attitude and is not expected to hike its policy rate soon</li> <li>Equity market performance is volatile both in absolute and relative terms</li> </ul>	<p>Following international students and skilled workers, vaccinated tourists and visa holders have been allowed to enter the country since February 21. Increasing demand by new migrants should give a belated boost to demand, with the economy now 4½% smaller than pre Covid. Omicron cases have fallen significantly from their peak early this year, helping to lift economic activity. The labour market has recovered markedly, with the unemployment rate at its lowest level in more than a decade. Wages are rising at a slow pace, while inflation remains in the RBA's target band. The RBA has made clear that it is taking a wait-and-see attitude and is not in a rush to hike its policy rate as quickly as the market is expecting. The MSCI Australia has been volatile both in absolute and relative terms versus global equities.</p>
<p>ASEAN</p> <ul style="list-style-type: none"> <li>Covid cases keep rising in most ASEAN countries</li> <li>Major policy rates are expected to remain at record lows for now</li> <li>ASEAN equities are performing well relative to global equities</li> </ul>	<p>Omicron cases keep rising in Singapore, Malaysia and Vietnam, while increases are more tepid in Indonesia and Thailand on a per capita basis and are contained in the Philippines. A remarkable divergence in foreign trade performance is visible between Malaysia and the Philippines, with the former showing a record-high trade surplus, benefitting from stronger electronics and LNG exports, while the latter is negatively affected by rising raw material and vaccine imports, inducing a record-high trade deficit. Equity markets have decoupled from the global equity malaise and are showing a positive performance YTD, led by Singapore's and Indonesia's equity markets. We expect policy rates in the ASEAN core markets to remain at their record lows for now, while Singapore is in a calibrated tightening mode.</p>
<p>Brazil</p> <ul style="list-style-type: none"> <li>The Brazilian real is the world's best performing currency this year, boosted by high interest rates and foreign inflows</li> <li>The central bank will continue to tighten, but the end of the cycle is likely close, we expect inflation to decelerated</li> <li>Led by Brazil, the MSCI LatAm index continued outperforming emerging and global markets</li> </ul>	<p>The Banco Central do Brasil (BCB) hiked the Selic rate by 150bps, reaching 10.75%, and signaled a slower hiking path ahead. The minutes had a hawkish tone, mentioning that the monetary process should be more restricted than the reference scenario. Inflation remains widespread, with the core component reaching 7.9% YoY in January. We expect the Selic rate to reach 12.5% in May and pause after that. Economic activity for December shows an acceleration in growth at the end of 2021. The BRL strengthened, while foreign investment flows to the Bovespa rose, accumulating ~BRL 60bn YTD, ~2.5 times more than the same period in 2021. Foreign investors are attracted to local assets given their high yields and cheap equity valuation, which is also beneficial for the rotation from growth to value.</p>

Valuation snapshot (MSCI Indices)

Current trailing valuations

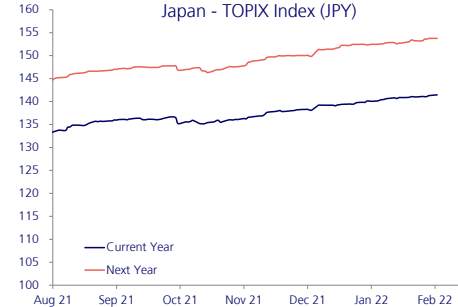
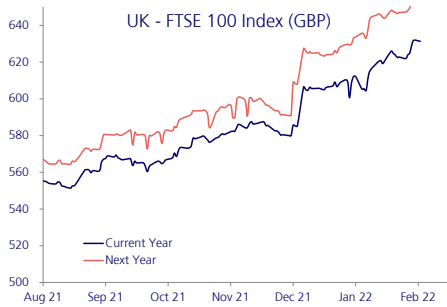
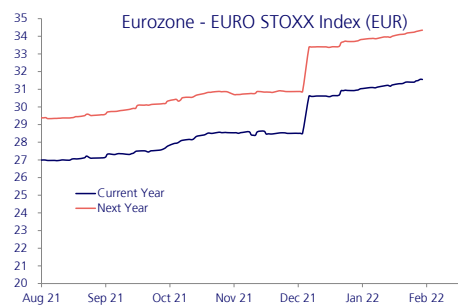
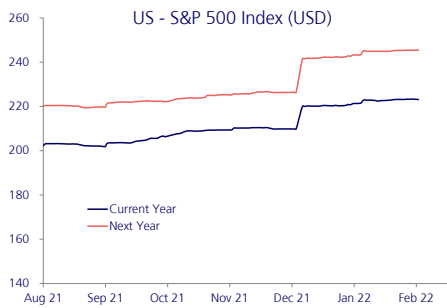
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	26.12	18.76	15.72	22.52	16.09	16.68	14.12	5.47	14.53
12m Trailing P/B	5.05	2.29	1.85	3.65	1.47	1.92	1.68	1.74	2.17
12m Trailing P/CF	17.17	9.64	8.03	14.69	10.46	9.42	9.79	5.17	7.89
Dividend Yield	1.26	2.14	3.61	2.31	2.14	2.26	1.78	8.82	2.56
ROE	19.32	12.19	11.79	16.22	9.13	11.49	11.86	31.77	14.93

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.23	0.88	0.74	1.06	0.76	0.78	0.66	0.26	0.68
12m Trailing P/B	1.62	0.74	0.60	1.18	0.47	0.62	0.54	0.56	0.70
12m Trailing P/CF	1.34	0.75	0.63	1.14	0.82	0.73	0.76	0.40	0.61
Dividend Yield	0.73	1.23	2.08	1.33	1.23	1.30	1.03	5.08	1.48
ROE	1.32	0.83	0.81	1.11	0.62	0.79	0.81	2.17	1.02

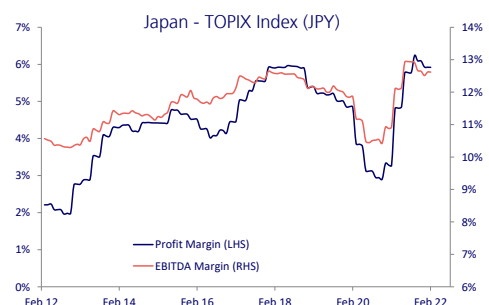
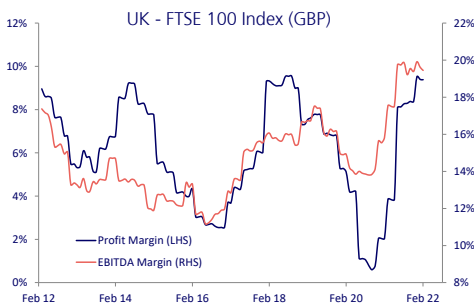
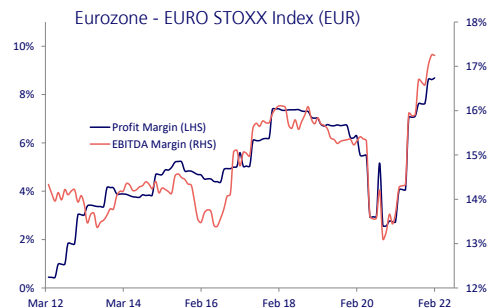
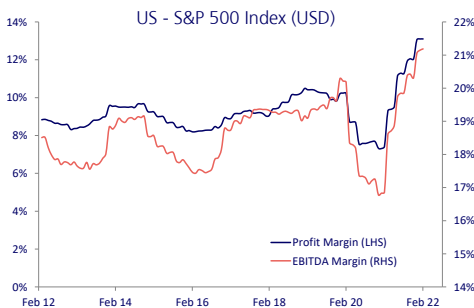
Source: Datastream

Earnings estimates - Full fiscal years



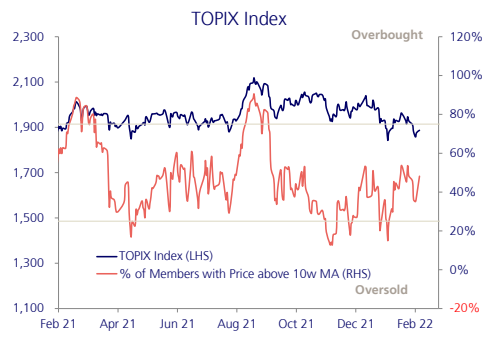
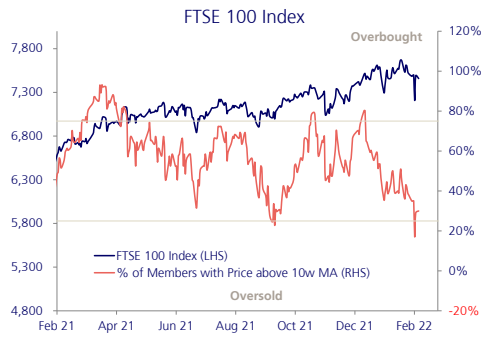
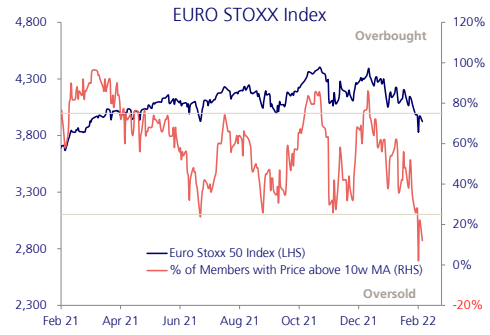
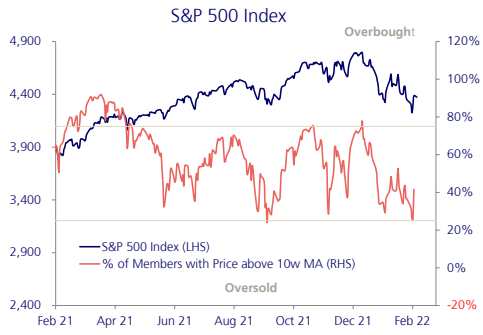
Source: Bloomberg

Historical margins



Source: Bloomberg

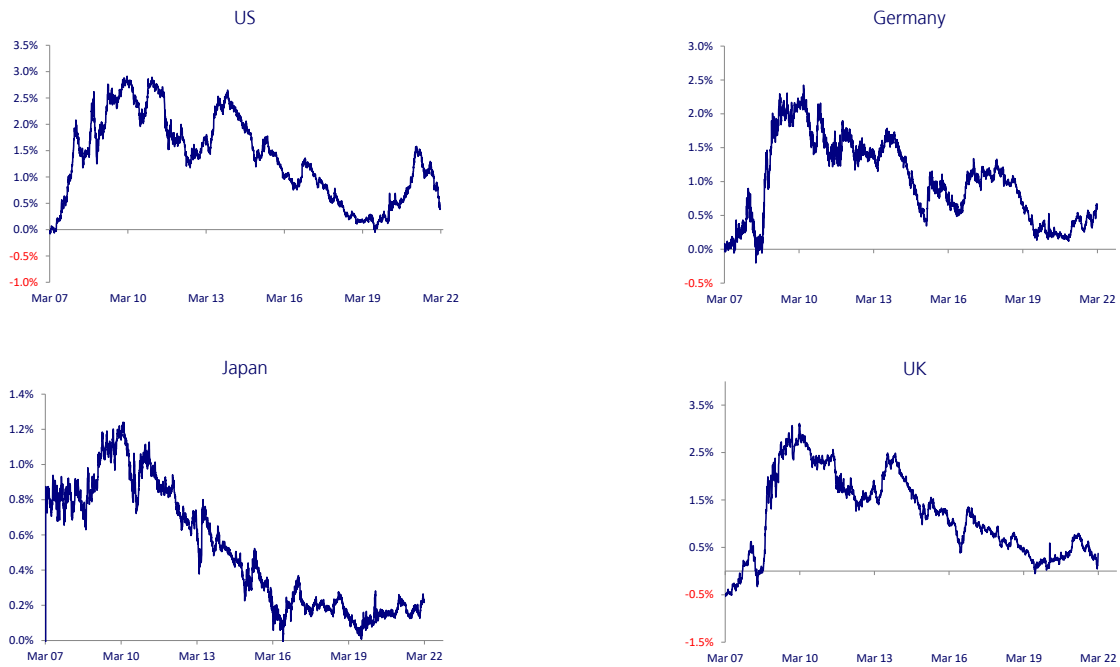
Overbought / Oversold



Source: Bloomberg

# Appendix 3

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



Source: Bloomberg

## Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)				
	Mar-22	1m ago	3m ago	1yr ago	
UK	-42	-53	-58	-66	
Germany	-169	-181	-175	-175	
Switzerland	-157	-173	-165	-169	
Japan	-163	-160	-134	-126	
Australia	33	17	33	25	
China	97	94	147	184	
South Korea	86	82	78	55	
Malaysia	184	191	212	166	
Indonesia	469	470	475	514	
Thailand	32		49	39	
Philippines	224	n/a	n/a	n/a	
Brazil	973	n/a	1,009	723	
Mexico	612	593	610	473	
Colombia	760	719	686	449	
Peru	424	434	456	285	

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Mar-22	1m ago	3m ago	1yr ago
France	47	41	36	24
Netherlands	25	13	15	13
Belgium	42	34	35	18
Austria	37	25	27	21
Ireland	61	52	50	35
Italy	157	133	135	99
Spain	98	74	77	66
Portugal	86	67	70	56

Source: Bloomberg, ZIG

## Economic data

<b>US</b>	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Trend*
ISM Manufacturing (Index)	60.9	63.7	60.6	61.6	60.9	59.9	59.7	60.5	60.8	60.6	58.8	57.6		down
ISM Non-Manufacturing (Index)	55.9	62.2	62.7	63.2	60.7	64.1	62.2	62.6	66.7	68.4	62.3	59.9		down
Durable Goods (% MoM)	1.3	1.3	-0.7	3.2	0.8	0.5	1.3	-0.4	0.1	3.2	1.2	1.6		up
Consumer Confidence (Index)	95.2	114.9	117.5	120.0	128.9	125.1	115.2	109.8	111.6	111.9	115.2	111.1	110.5	up
Retail Sales (% MoM)	6.5	29.7	53.4	28.0	18.9	15.3	15.7	14.2	16.2	18.9	16.7	13.0		up
Unemployment Rate (%)	6.2	6.0	6.0	5.8	5.9	5.4	5.2	4.7	4.6	4.2	3.9	4.0		down
Avg Hourly Earnings YoY (% YoY)	5.1	4.8	1.5	2.8	4.1	5.1	5.2	5.9	6.4	6.5	6.2	6.9		up
Change in Payrolls ('000, MoM)	710.0	704.0	263.0	447.0	557.0	689.0	517.0	424.0	677.0	647.0	510.0	467.0		up
PCE (% YoY)	1.5	2.0	3.1	3.5	3.6	3.6	3.6	3.7	4.2	4.7	4.9	5.2		up
GDP (% QoQ, Annualized)		6.3			6.7			2.3			7.0			
<b>UK</b>	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Trend*
PMI Services (Index)	49.5	56.3	61.0	62.9	62.4	59.6	55.0	55.4	59.1	58.5	53.6	54.1	60.8	down
Consumer Confidence (Index)	-23.0	-16.0	-15.0	-9.0	-9.0	-7.0	-8.0	-13.0	-17.0	-14.0	-15.0	-19.0	-26.0	down
Unemployment Rate (%)	5.0	4.9	4.8	4.8	4.7	4.6	4.5	4.3	4.2	4.1	4.1			down
CPI (% YoY)	0.4	0.7	1.5	2.1	2.5	2.0	3.2	3.1	4.2	5.1	5.4	5.5		up
GDP (% YoY)		-5.0			24.6			7.0			6.5			
<b>Eurozone</b>	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Trend*
PMI Manufacturing (Index)	57.9	62.5	62.9	63.1	63.4	62.8	61.4	58.6	58.3	58.4	58.0	58.7	58.4	down
PMI Services (Index)	45.7	49.6	50.5	55.2	58.3	59.8	59.0	56.4	54.6	55.9	53.1	51.1	55.8	down
IFO Business Climate (Index)	93.0	96.9	96.6	99.2	101.7	100.7	99.8	99.1	97.9	96.6	94.8	96.0	98.9	down
Industrial Production (% MoM)	-1.2	0.3	0.4	-1.0	0.6	0.7	-1.6	-0.7	-1.5	2.4	1.2			up
Factory Orders GE (% MoM)	1.7	2.9	1.1	-2.7	4.3	5.0	-9.1	2.4	-5.8	3.6	2.8			up
Unemployment Rate (%)	8.2	8.1	8.2	8.0	7.9	7.7	7.5	7.4	7.3	7.1	7.0			down
M3 Growth (% YoY, 3 months MA)	12.3	10.1	9.4	8.6	8.4	7.8	8.0	7.6	7.7	7.4	6.9	6.4		down
CPI (% YoY)	0.9	1.3	1.6	2.0	1.9	2.2	3.0	3.4	4.1	4.9	5.0	5.1		up
Core CPI (% YoY)	1.1	0.9	0.7	1.0	0.9	0.7	1.6	1.9	2.0	2.6	2.6	2.3		up
GDP (% QoQ)		-0.2			2.2			2.3			0.3			
<b>Switzerland</b>	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Trend*
KOF Leading Indicator (Index)	103.2	119.5	135.5	143.7	132.9	130.2	113.2	110.5	110.0	107.3	107.1	107.2	105.0	down
PMI Manufacturing (Index)	62.0	65.6	68.3	68.6	67.1	70.0	67.0	67.6	65.7	63.8	64.2	63.8		down
Real Retail Sales (% YoY)	-7.1	23.2	38.3	2.5	0.5	-2.2	0.9	2.6	1.8	4.7	-0.5	5.1		up
Trade Balance (Billion, CHF)	3.7	5.7	3.7	4.8	5.5	5.3	5.1	5.0	5.3	5.9	3.5	3.2		down
CPI (% YoY)	-0.5	-0.2	0.3	0.6	0.6	0.7	0.9	0.9	1.2	1.5	1.5	1.6		up
<b>Japan</b>	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Trend*
Nomura Manufacturing PMI (Index)	51.4	52.7	53.6	53.0	52.4	53.0	52.7	51.5	53.2	54.5	54.3	55.4	52.9	up
Machine Orders (% YoY)	-7.1	-2.0	6.5	12.2	18.6	11.1	17.0	12.5	2.9	11.6	5.1			down
Industrial Production (% YoY)	-2.0	3.4	15.8	21.1	23.0	11.6	8.8	-2.3	-4.1	5.1	2.7	-0.9		up
ECO Watchers Survey (Index)	40.7	49.5	39.4	36.4	45.4	47.7	34.3	43.3	56.2	58.5	58.6	35.9		up
Jobs to Applicants Ratio (Index)	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.2	1.2	1.2	1.2			down
Labour Cash Earnings (% YoY)	-0.4	0.6	1.4	1.9	0.1	0.6	0.6	0.2	0.2	0.8	-0.4			down
Department Store Sales (% YoY)	-10.7	21.8	167.0	65.2	-1.6	4.2	-11.7	-4.3	2.9	8.1	8.8	15.6		up
Money Supply M2 (% YoY)	9.6	9.5	9.3	8.0	5.9	5.3	4.7	4.2	4.2	4.0	3.7	3.6		down
CPI Ex Food & Energy (% YoY)	0.1	0.0	-1.2	-1.1	-1.1	-0.8	-0.7	-0.8	-1.2	-1.2	-1.3	-1.9		down
Exports (% YoY)	-4.5	16.1	38.0	49.6	48.6	37.0	26.2	13.0	9.4	20.5	17.5	9.6		down
<b>China</b>	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Trend*
PMI Manufacturing (Index)	50.6	51.9	51.1	51.0	50.9	50.4	50.1	49.6	49.2	50.1	50.3	50.1		up
Industrial Production (% YoY)		14.1	9.8	8.8	8.3	6.4	5.3	3.1	3.5	3.8	4.3			down
Retail Sales (% YoY)		34.2	17.7	12.4	12.1	8.5	2.5	4.4	4.9	3.9	1.7			down
PPI (% YoY)	1.7	4.4	6.8	9.0	8.8	9.0	9.5	10.7	13.5	12.9	10.3	9.1		down
Exports (% YoY)	154.6	30.4	32.1	27.7	32.1	19.2	25.4	28.0	26.9	21.7	20.9			down
CPI (% YoY)	-0.2	0.4	0.9	1.3	1.1	1.0	0.8	0.7	1.5	2.3	1.5	0.9		up
RRR (%)	12.5	12.5	12.5	12.5	12.5	12.0	12.0	12.0	12.0	12.0	11.5	11.5	11.5	down
GDP (% YoY)		18.3			7.9			4.9			4.0			down
PMI Non Manufacturing (Index)	50.6	51.9	51.1	51.0	50.9	50.4	50.1	49.6	49.2	50.1	50.3	50.1		up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m

## Appendix 5

### Economic data

<b>Australia</b>	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Trend*
AiG Manufacturing (Index)	58.8	59.9	61.7	61.8	63.2	60.8	51.6	51.2	50.4	54.8	48.4	48.4	53.2	down
AiG Service (Index)	55.8	58.7	61.0	61.2	57.8	51.7	45.6	45.7	47.6	49.6	56.2	56.2		up
Westpac Consumer Confidence (% MoM)	1.9	2.6	6.2	-4.8	-5.2	1.5	-4.4	2.0	-1.5	0.6	-1.0	-2.0	-1.3	down
Building Approvals (% YoY)	24.9	54.5	44.8	55.4	53.1	22.4	33.6	15.0	-7.8	-8.2	-7.5			down
Employment Change ('000, MoM)	81.3	75.0	-28.7	118.2	29.5	-3.4	-152.8	-147.3	-56.0	366.1	64.8	12.9		up

<b>Brazil</b>	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Trend*
CPI (% YoY)	5.2	6.1	6.8	8.1	8.4	9.0	9.7	10.3	10.7	10.7	10.1	10.4		up
Industrial Production (% YoY)	2.4	0.3	10.5	34.8	24.1	12.1	1.4	-0.6	-4.0	-7.8	-4.4	-5.0		down
Retail Sales (% YoY)	-0.4	-3.9	2.2	23.7	15.9	6.3	5.7	-4.1	-5.2	-6.8	-4.2	-2.9		down
Trade Balance (Millions, USD)	1836.1	6470.5	9963.1	8536.0	10414.3	7380.0	7659.1	4400.7	2063.7	-1110.1	4012.9	-214.4		down
Budget Balance Primary (Billions, BRL)	-41.0	-44.5	30.0	-37.4	-75.6	-55.4	-29.7	-42.0	-25.0	-26.6	-54.2	84.1		up

<b>Chile</b>	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Trend*
IMACEC Economic Activity Index (% YoY)	-1.88	6.30	14.70	19.13	20.60	18.05	18.95	14.75	14.95	14.27	10.12			down
CPI (% YoY)	2.85	2.88	3.32	3.65	3.80	4.54	4.78	5.34	6.03	6.70	7.17	7.70		up
Retail Sales (% YoY)	24.71	44.83	73.37	65.86	62.39	24.47	19.28	22.54	15.43	14.22	14.22			down
Industrial Production (% YoY)	-2.89	3.06	5.13	3.55	6.20	5.04	4.78	-0.59	1.33	2.75	1.72	-1.10		down
Unemployment (%)	10.30	10.40	10.20	10.00	9.50	8.90	8.50	8.40	8.10	7.50	7.20	7.30		down

<b>Mexico</b>	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Trend*
PMI (Index)	49.7	50.7	50.6	52.2	51.9	51.7	50.9	49.9	51.2	50.6	53.2	48.8		up
CPI (% YoY)	3.8	4.7	6.1	5.9	5.9	5.8	5.6	6.0	6.2	7.4	7.4	7.1		up
Retail Sales (% YoY)	-6.4	2.6	30.5	29.4	17.0	9.9	7.2	5.9	5.3	5.4	4.9			down
Industrial Production (% YoY)	-5.7	5.9	50.0	48.5	16.6	7.7	6.6	-0.4	0.1	2.8	3.8			up
Remittances (Millions, USD)	3170.7	4157.3	4048.3	4525.8	4457.5	4545.0	4748.7	4408.9	4818.6	4665.2	4760.4			down

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



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