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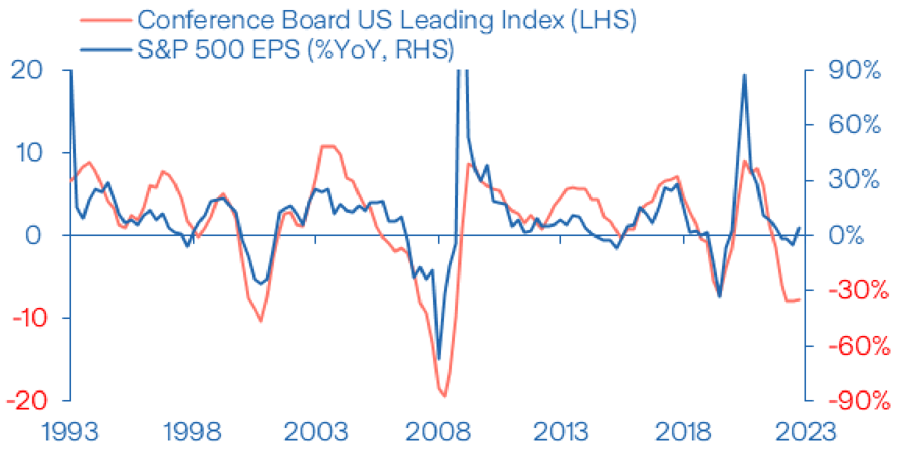
Monthly Investment Insights

1 December 2023

A challenging outlook for US corporate earnings



Source: Bloomberg

Stock markets have rebounded from their recent lows as inflation rates keep falling globally and investors begin to price in less hawkish central banks and looser financial conditions. The Q3 US reporting season is now largely behind us, providing important insights into the current state of the corporate sector. More than 80% of the companies in the S&P 500 managed to beat earnings expectations, which is above the long-term average of 74%. In aggregate, companies have reported earnings that are 7.1% above estimates, a result that is above the 10-year average but below the five-year. Thanks to this positive surprise, earnings growth for the third quarter was above 4% YoY, marking the first time in a year that earnings actually grew again.

While the earnings picture has developed better than expected, modest revenue growth reflects the persistent economic headwinds. 62% of the companies managed to beat revenue expectations, which is slightly below the long-term average. In aggregate, firms are reporting revenues that are 0.7% above estimates, marking the lowest revenue surprise percentage at an index level since Q1 2020. This resulting revenue growth of about 2.4% YoY is even below the current rate of inflation. Despite the loss of momentum, however, companies were able to protect their profit margins.

To get a feeling for the current investment sentiment it is interesting to analyse the market reaction to both positive and negative surprises. In a sign of a more divisive market, positive surprises were rewarded with an above-average price reaction of 1.1% (compared to an average of 0.9% over the past five years). However, companies that fell short of expectations were punished significantly more than usual. The average price decrease in recent years following a negative surprise is -2.3% while stock prices fell by 4.6% after a negative surprise in the third quarter. The asymmetric reaction to positive and negative surprises indicates that earnings expectations are rather stretched, increasing the vulnerability of the stock market if growth is slowing as we expect. Considering that leading economic indicators and business surveys are pointing at significant headwinds, current elevated valuations could come under pressure if the growth outlook deteriorates further, particularly given that high interest rates provide an attractive alternative with lower risks.

Market Assessment

Key developments

- Global economic conditions continue to deteriorate led by developed economies
- Government bond yields fall substantially as inflation surprises to the downside and further rate hikes are priced out
- The breadth of the rally in equities is significant, with resistance levels breached and seasonal patterns strong

Zurich's view

Falling inflation rates and lower bond yields have provided a significant boost to global stock markets as investors are anticipating less hawkish central banks and looser financial conditions. However, the risk is now that market participants underestimate the negative growth momentum that is building at a time when geopolitical uncertainties remain high. Consumer spending may face rising headwinds as the cost of living is still elevated while cracks in the labour market are widening and wage growth is slowing.

Given elevated valuations, particularly in the US, markets look vulnerable to a further slowdown in growth. At the same time, bond yields seem to have peaked although the risk premium is unlikely to fall back to a pre-Covid level as investors continue to worry about the fiscal outlook. Credit markets have held in with investor demand robust and issuance increasing, but fundamentals continue to deteriorate with sizeable downside risks in the High Yield segment as defaults continue to rise.

	Key developments	Zurich's view
Global	• Global growth remains below trend, but conditions have not deteriorated further • Inflation continues to fall, but sticky services inflation remains problematic • Government yields slump as fears around inflation and fiscal excesses diminish, but volatility remains elevated	Global growth remains weak but the latest Flash PMIs suggest that conditions have stabilised, helped by an improving inventory cycle and a more constructive tech cycle. Growth performance remains unusually divergent though, with weakness in Europe and China persisting while the US continues to hold up better. Inflation has fallen materially, but the gap between services and goods inflation is stretched, with services inflation still running at a level above 4% globally, in part reflecting continued tight labour markets. While falling inflation is encouraging and underpins our view that major central banks are done tightening, this is arguably already reflected in financial market pricing, where government bond yields have slumped on increased conviction that rates have peaked.
US	• Economic growth is slowing markedly in the fourth quarter • The labour market is weakening with a pickup in unemployment • Inflation rates keep falling with annualised monthly rates back at target	Recent economic data reflect a significant growth slowdown in the US and a softening employment situation. Receding to 46.7, the ISM Manufacturing survey fell deeper into contractionary territory in October with new orders pointing at further headwinds. Similarly, activity in the service sector slowed more than consensus had expected with the employment component falling to the lowest since May. The unemployment rate picked up to 3.9%. Meanwhile, inflation rates fell slightly faster in October than consensus expected with headline CPI flat after rising 0.4% MoM in September while Core CPI slowed to 0.2% MoM from 0.3% MoM the month before. On an annual basis, headline inflation slowed to 3.2% from 3.7% while Core CPI ticked down from 4.1% to 4.0%.
UK	• Business surveys show that the economy is hardly growing at all • The employment situation is weakening while wage growth is slowing • Inflation rates fell substantially, driven by a marked fall in energy prices	The UK economy is hardly growing in the fourth quarter. Manufacturing remains in contraction with the PMI at 47.2 in November. Service activity is holding up a bit better with the PMI at 50.5. Taken together the surveys show that the economy was basically stagnant in November. Driven by a substantial fall in energy prices, headline inflation dropped from 6.7% YoY in September to 4.6% YoY in October while core inflation slowed from 6.1% YoY to 5.7% YoY. There are increasing signs of a weakening labour market, but wage growth remains robust, ticking down to 7.7% YoY in September from 7.9% YoY the month before. Despite robust wage growth, households became more reluctant to spend in recent months with retail sales falling both in September and October.
Eurozone	• Eurozone growth contracts in Q3; inflation falls below 3%; the market prices in multiple ECB cuts for 2024 • Leading survey data improve, but remain consistent with an economy oscillating around stagnation • Equities and bonds perform well as correlations remain high and policy-easing expectations float all boats	Despite a turn in a variety of leading indicators, we continue to expect further GDP growth contraction in Q4 and a confirmation of a (small) Eurozone recession. Overall our view remains one of economic stagnation rather than apocalypse. There is evidence of weakening wage growth in private sector measures, but negotiated wages did continue to rise in Q3. Both headline and core inflation are falling, but we think the ECB will push back firmly against aggressive market pricing for policy rate cuts in early 2024. We see European sovereign bond spreads as vulnerable and expect Italian BTP spreads to widen over the coming months. Core bond yields should continue to hold in given the weak back drop while the recent broad Eurostoxx market bounce looks overdone in the short term.
Switzerland	• Growth remains well below trend while consumer sentiment weakens notably • Inflation continues to moderate, though it is set to rebound modestly in early 2024 on rising rents • The SNB is expected to remain on hold amid weak growth and benign inflation	The Manufacturing PMI fell back again in October with both current activity and new orders in deeply contractionary territory, while the Services PMI and the KOF leading indicator, which tracks a broader measure of activity, remained stronger. We maintain our view that domestic demand is likely to hold up relatively well, but note that consumer sentiment dipped in Q4 and is now matching the lows from the Covid crisis. The decline was led by a sharp deterioration in sentiment around the financial situation, possibly reflecting the impact of rising rents and energy prices, with further increases scheduled for early 2024. As economic momentum remains weak and with inflation below the 2% reference level, we do not anticipate that the SNB will hike rates in the December meeting.

	Key developments	Zurich’s view
Japan	• The MSCI Japan has stabilised at the upper end of its five-month trading range • JGB yields are headed lower after climbing to 0.95% • The yen has started to appreciate	The MSCI Japan has been meandering in a broad range between 1’350 and 1’500 since June. At 1’460, it is closer to the upper end of the channel, but appears to be rolling over. Meanwhile, the JPY has also started to roll over, having reached a 33-year high close to 152 versus the USD. Amid the yield outlook in the US and Japan, we suspect that the JPY is likely to appreciate. Yen appreciation tends to be a difficult environment for the equity market, even though the earnings outlook is decent. Japan’s 10yr JGB yield fell from close to 0.95% to below 0.69%, before stabilising at 0.75%. The prior 1% intervention limit is now defined as a reference point, giving the Bank of Japan an option to intervene if deemed necessary. First indications suggest labour union wage requests will be at around 6% for next year.
China	• The MSCI China remains in a down track in absolute and relative terms • Negative news from property and platform companies hits investor confidence • The CNH appreciates versus the USD in November	Though the MSCI China gained about 2% in November, it remains in a down track below its falling 200-day moving average and continues to underperform global equities. Most foreign investors are maintaining a cautious or even negative stance, though some from the Middle East appear to be more stable. The property market remains in the doldrums, despite piecemeal measures by the authorities to alleviate pressure on developers. Financial institutions have been urged to provide lending to state owned as well as private developers. More measures are likely to be released at important policy meetings in December. Negative corporate news from platform companies like Alibaba and Meituan, both heavyweights in the MSCI China and HSCEI indices, have not helped to improve investor sentiment.
Australia	• Domestic demand shows resilience coupled with a still-tight labour market • The central bank raises the cash rate to 4.35% in response to inflation exceeding expectations • Equities have rebounded, but momentum has slowed amid global and domestic economic uncertainties	The economy showed resilient demand and a still-tight labour market in November, along with a strong housing market. Having exceeded expectations, migration inflows are expected to spur notable population growth for 2023. In response to inflation overshooting its forecast, the RBA raised the cash rate by 25bps to 4.35%. Although further rate hikes have not been ruled out, the RBA will likely maintain the current rate for longer. Equities remain volatile, with the ASX200 trading nearly flat YTD, primarily due to weaknesses in financials and materials. Despite gains in November, especially in materials, the trend weakened towards the end of the month. The market is expected to continue its range-bound pattern into H1 2024 with a more encouraging outlook for H2 underpinned by potential policy rate cuts.
ASEAN	• ASEAN's Q3 growth shows decent performance, driven by private spending • The disinflation trend remains, and a softer USD has reduced currency pressures • ASEAN equities have shown a mixed performance while market prospects remain uncertain	Spurred by private spending, growth showed a decent performance in Q3, except in Thailand where lower government spending weighed on growth. The region continues to see disinflation, with headline CPI in Malaysia, Indonesia, and Thailand falling below 2%. Exports are recovering, though Manufacturing PMIs remain weak. An expected peak in US rates and a softer USD have reduced currency pressures. We believe that policy rates have peaked in ASEAN, and see potential rate cuts in 2024, mirroring the US Federal Reserve’s policy. ASEAN equities have struggled, with most markets either trading flat or incurring notable losses. While 2024 poses challenges for regional equities amid global uncertainties, H2 may see improved prospects as rate cuts and signs of growth bottoming out could bolster confidence.

Appendix 1

Valuation snapshot (MSCI Indices)

Current trailing valuations

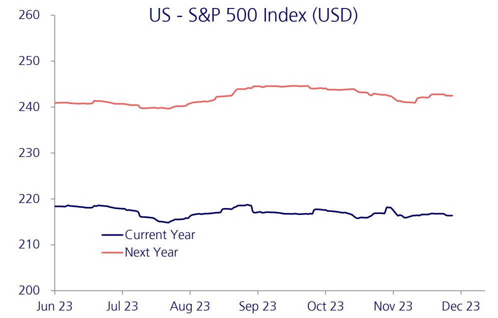
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.84	15.20	11.29	18.52	15.56	14.14	14.35	5.33	13.05
12m Trailing P/B	3.90	1.96	1.74	3.17	1.29	1.61	1.40	1.46	1.98
12m Trailing P/CF	14.12	9.10	5.71	17.37	9.24	8.40	7.52	3.82	8.72
Dividend Yield	1.67	2.93	3.69	3.02	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

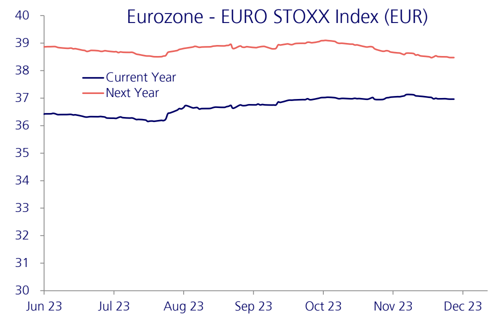
Current trailing valuations relative to MSCI world

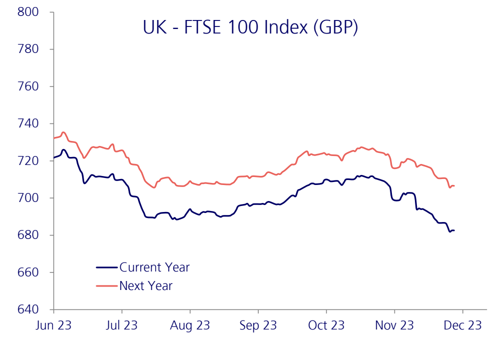
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.21	0.88	0.65	1.07	0.90	0.82	0.83	0.31	0.76
12m Trailing P/B	1.52	0.77	0.68	1.24	0.50	0.63	0.55	0.57	0.77
12m Trailing P/CF	1.27	0.82	0.51	1.56	0.83	0.76	0.68	0.34	0.79
Dividend Yield	0.74	1.29	1.62	1.33	1.11	1.34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

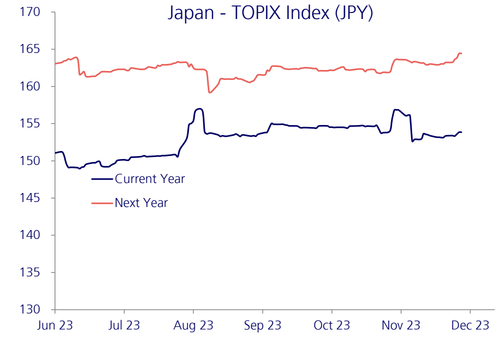
Source: Datastream

Earnings estimates - Full fiscal years



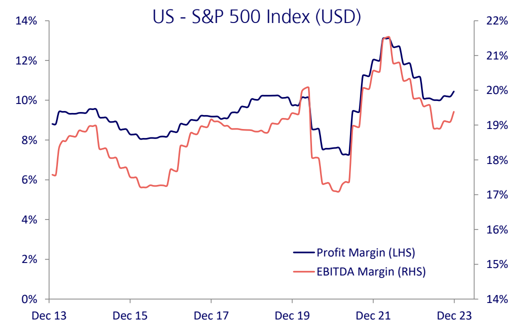


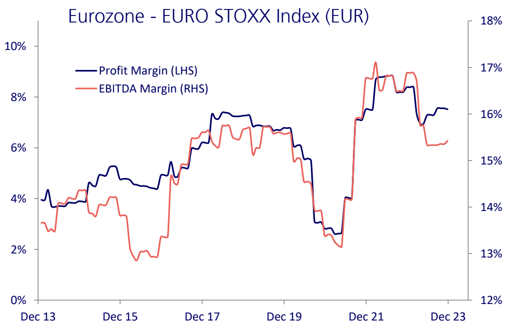


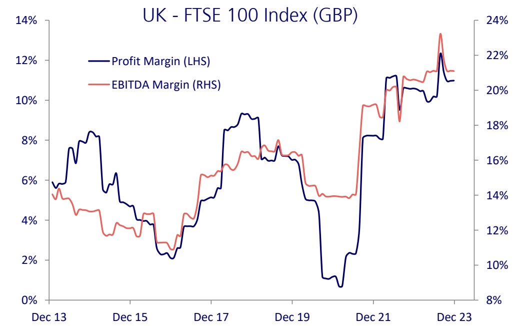


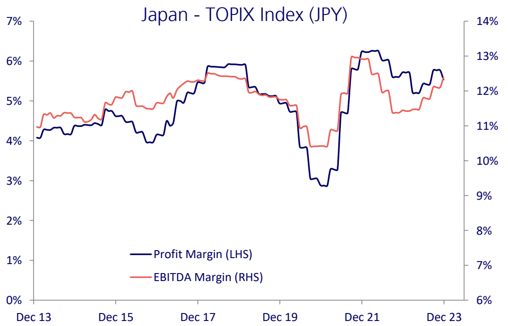
Source: Bloomberg

Historical margins





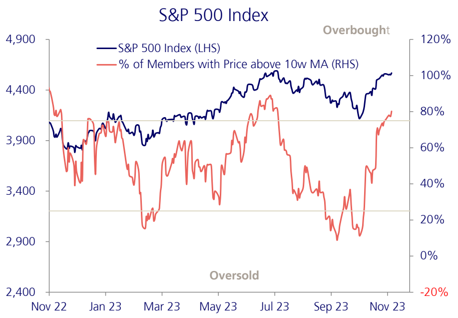


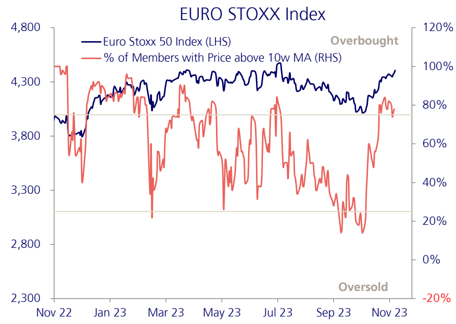


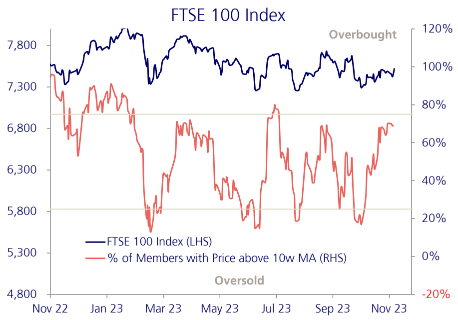
Source: Bloomberg

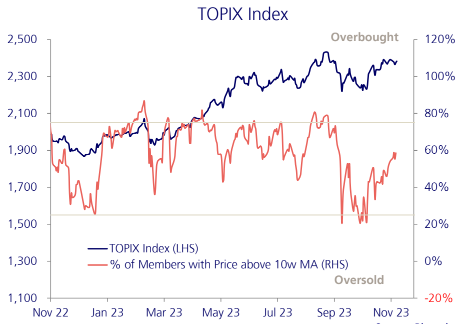
Source: Bloomberg

Overbought / Oversold









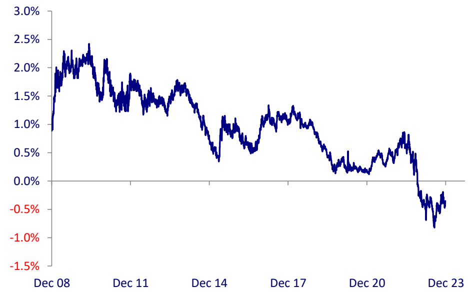
Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)

US

Germany



Japan

UK

Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Dec-23	1m ago	3m ago	1yr ago
UK	-13	-42	25	-40
Germany	-189	-212	-163	-169
Switzerland	-348	-381	-322	-247
Japan	-363	-398	-355	-325
Australia	16	-1	-17	-2
China	-165	-224	-156	-60
South Korea	-63	-60	-40	16
Malaysia	-50	-84	-34	55
Indonesia	229	218	221	338
Thailand	-138		-141	-80
Philippines	-27	n/a	n/a	n/a
Brazil	657	694	n/a	931
Mexico	508	527	516	550
Colombia	647	683	654	n/a
Peru	288	274	263	415

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Dec-23	1m ago	3m ago	1yr ago
France	57	62	52	45
Netherlands	34	35	33	28
Belgium	62	66	63	55
Austria	57	65	60	61
Ireland	39	43	38	43
Italy	176	192	169	189
Spain	102	108	103	100
Portugal	66	72	73	92

Source: Bloomberg, ZIG

Economic data

US	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Trend*
ISM Manufacturing (Index)	49.0	48.4	47.4	47.7	46.3	47.1	46.9	46.0	46.4	47.6	49.0	46.7		up
ISM Non-Manufacturing (Index)	55.5	49.2	55.2	55.1	51.2	51.9	50.3	53.9	52.7	54.5	53.6	51.8		up
Durable Goods (% MoM)	-3.1	4.5	-1.3	-2.7	3.3	1.2	2.0	4.3	-5.6	-0.1	4.0	-5.4		down
Consumer Confidence (Index)	101.4	109.0	106.0	103.4	104.0	103.7	102.5	110.1	114.0	108.7	104.3	99.1	102.0	down
Retail Sales (% MoM)	6.1	6.0	7.4	5.3	2.2	1.3	2.1	1.5	2.8	2.8	4.1	2.5		up
Unemployment Rate (%)	3.6	3.5	3.4	3.6	3.5	3.4	3.7	3.6	3.5	3.8	3.8	3.9		up
Avg Hourly Earnings YoY (% YoY)	5.7	5.4	5.2	5.3	5.2	4.9	4.9	4.7	4.7	4.5	4.5	4.4		down
Change in Payrolls ('000, MoM)	290.0	239.0	472.0	248.0	217.0	217.0	281.0	105.0	236.0	165.0	297.0	150.0		down
PCE (% YoY)	5.1	4.9	4.9	4.8	4.8	4.8	4.7	4.3	4.3	3.8	3.7	3.5		down
GDP (%, QoQ, Annualized)		2.6			2.2			2.1			5.2			
UK	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Trend***
PMI Services (Index)	48.8	49.9	48.7	53.5	52.9	55.9	55.2	53.7	51.5	49.5	49.3	49.5	50.5	down
Consumer Confidence (Index)	-44.0	-42.0	-45.0	-38.0	-36.0	-30.0	-27.0	-24.0	-30.0	-25.0	-21.0	-30.0	-24.0	up
Unemployment Rate (%)	3.7	3.7	3.7	3.8	3.9	3.8	4.0	4.2	4.3					down
CPI (% YoY)	10.7	10.5	10.1	10.4	10.1	8.7	8.7	7.9	6.8	6.7	6.7	4.6		down
GDP (% YoY)		0.7			0.5			0.6			0.6			
Eurozone	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Trend***
PMI Manufacturing (Index)	47.1	47.8	48.8	48.5	47.3	45.8	44.8	43.4	42.7	43.5	43.4	43.1	43.8	up
PMI Services (Index)	48.5	49.8	50.8	52.7	55.0	56.2	55.1	52.0	50.9	47.9	48.7	47.8	48.2	down
IFO Business Climate (Index)	86.9	88.7	90.1	90.9	92.9	93.2	91.4	88.7	87.3	85.8	85.9	86.9	87.3	down
Industrial Production (% MoM)	0.8	-1.9	0.4	1.1	-4.0	1.2	0.0	0.1	-1.3	0.6	-1.1			up
Factory Orders GE (% MoM)	-2.8	1.8	0.6	4.3	-10.7	0.1	6.2	7.6	-11.4	1.9	0.2			down
Unemployment Rate (%)	6.7	6.7	6.7	6.6	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5		neutral
M3 Growth (% YoY, 3 months MA)	4.6	3.8	3.0	2.5	2.0	1.4	1.0	0.5	-0.4	-1.3	-1.2	-1.0		down
CPI (% YoY)	10.1	9.2	8.6	8.5	6.9	7.0	6.1	5.5	5.3	5.2	4.3	2.9	2.4	down
Core CPI (% YoY)	5.0	5.2	5.3	5.6	5.7	5.6	5.3	5.5	5.5	5.3	4.5	4.2	3.6	down
GDP (% QoQ)		0.0			0.0			0.2			-0.1			
Switzerland	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Trend***
KOF Leading Indicator (Index)	98.2	99.2	101.7	101.4	100.5	97.8	96.0	94.3	96.2	95.9	96.5	95.1	96.7	up
PMI Manufacturing (Index)	54.4	54.5	49.3	48.9	47.0	45.3	43.2	44.9	38.5	39.9	44.9	40.6	42.1	up
Real Retail Sales (% YoY)	-1.8	-3.4	-2.0	-0.7	-2.1	-4.0	-1.4	0.7	-2.7	-2.1	-1.2	-0.1		up
Trade Balance (Billion, CHF)	2.2	2.4	4.9	3.3	4.6	2.5	5.4	4.8	3.0	3.7	6.3	4.6		up
CPI (% YoY)	3.0	2.8	3.3	3.4	2.9	2.6	2.2	1.7	1.6	1.6	1.7	1.7		down
Japan	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Trend***
Nomura Manufacturing PMI (Index)	49.0	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6	49.6	48.5	48.7	48.3	down
Machine Orders (% YoY)	-3.7	-6.6	4.5	9.8	-3.5	-5.9	-8.7	-5.8	-13.0	-7.7	-2.2			up
Industrial Production (% YoY)	-1.4	-2.2	-2.8	-0.6	-0.8	-0.7	4.2	0.0	-2.3	-4.4	-4.4	0.9		down
ECO Watchers Survey (Index)	49.7	49.0	46.5	51.0	55.2	55.7	54.5	53.6	54.1	52.8	50.4	49.9		down
Jobs to Applicants Ratio (Index)	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3		down
Labour Cash Earnings (% YoY)	1.9	4.1	0.8	0.8	1.3	0.8	2.9	2.3	1.1	0.8	0.6			down
Department Store Sales (% YoY)	4.5	4.0	15.1	20.4	9.8	8.6	6.3	7.0	8.6	11.8	9.2	6.1		up
Money Supply M2 (% YoY)	3.1	2.9	2.7	2.6	2.5	2.6	2.6	2.6	2.5	2.5	2.4	2.4		down
CPI Ex Food & Energy (% YoY)	1.5	1.6	1.9	2.1	2.3	2.5	2.6	2.6	2.7	2.7	2.6	2.7		up
Exports (% YoY)	20.0	11.5	3.5	6.5	4.3	2.6	0.6	1.5	-0.3	-0.8	4.3	1.6		up
China	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Trend***
PMI Manufacturing (Index)	48.0	47.0	50.1	52.6	51.9	49.2	48.8	49.0	49.3	49.7	50.2	49.5	49.4	up
Industrial Production (% YoY)	2.2	1.3			3.9	5.6	3.5	4.4	3.7	4.5	4.5	4.6		up
Retail Sales (% YoY)	-5.9	-1.8			10.6	18.4	12.7	3.1	2.5	4.6	5.5	7.6		down
PPI (% YoY)	-1.3	-0.7	-0.8	-1.4	-2.5	-3.6	-4.6	-5.4	-4.4	-3.0	-2.5	-2.6		up
Exports (% YoY)	-9.0	-9.9	-11.9	-2.7	11.1	7.6	-7.3	-12.2	-14.1	-8.4	-6.1	-6.4		up
CPI (% YoY)	1.6	1.8	2.1	1.0	0.7	0.1	0.2	0.0	-0.3	0.1	0.0	-0.2		down
RRR (%)	11.3	11.0	11.0	11.0	10.8	10.8	10.8	10.8	10.8	10.8	10.5	10.5	10.5	down
GDP (% YoY)		2.9			4.5			6.3			4.9			down
PMI Non Manufacturing (Index)	48.0	47.0	50.1	52.6	51.9	49.2	48.8	49.0	49.3	49.7	50.2	49.5	49.4	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Trend*
AiG Manufacturing (Index)	44.7													neutral
AiG Service (Index)	45.6													neutral
Westpac Consumer Confidence (% MoM)	-6.9	3.0	5.0	-6.9	0.0	9.4	-7.9	0.2	2.7	-0.4	-1.5	2.9	-2.6	down
Building Approvals (% YoY)	-7.3	-1.0	-7.4	-28.1	-12.6	-18.8	-8.8	-17.6	-10.8	-22.3	-20.9	-6.1		down
Employment Change ('000, MoM)	62.5	-9.0	13.0	59.4	70.3	-10.1	74.9	26.1	-1.3	70.3	7.8	55.0		up

Brazil	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Trend*
CPI (% YoY)	5.9	5.8	5.8	5.6	4.7	4.2	3.9	3.2	4.0	4.6	5.2	4.8		up
Industrial Production (% YoY)	1.2	0.8	-0.4	0.3	-2.5	1.0	-2.7	1.9	0.2	-1.2	0.5	0.6		up
Retail Sales (% YoY)	2.7	1.4	0.4	2.7	1.1	3.3	0.5	-1.1	1.4	2.4	2.4	3.3		up
Trade Balance (Millions, USD)	6200.3	4533.4	2310.0	2569.5	10747.3	7929.3	10962.8	10146.3	8890.3	9545.1	8904.4	8958.8		down
Budget Balance Primary (Billions, BRL)	-14.5	-70.4	-70.8	46.7	-90.6	-79.5	-25.4	-119.2	-89.6	-81.9	-106.6	-99.8		down

Chile	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Trend*
IMACEC Economic Activity Index (% YoY)	-3.33	-2.02	0.24	-0.54	-2.06	-0.89	-1.63	-0.77	1.78	-0.92	-0.03			down
CPI (% YoY)	13.34	12.79	12.33	11.95	11.09	9.91	8.73	7.56	6.48	5.32	5.12	5.03		down
Retail Sales (% YoY)	-11.10	-10.43	-9.26	-8.07	-10.64	-10.63	-13.21	-10.37	-9.43	-5.05	-6.85			up
Industrial Production (% YoY)	-4.78	-0.60	1.01	-0.77	-5.62	-1.62	-4.31	-2.32	-1.62	0.30	1.53	1.15		up
Unemployment (%)	7.90	7.90	8.00	8.40	8.80	8.70	8.50	8.50	8.80	9.00	8.90	8.90		up

Mexico	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Trend*
PMI (Index)	51.0	51.4	49.8	51.3	49.6	50.1	49.7	50.9	51.2	52.1	51.1	50.5		up
CPI (% YoY)	7.8	7.8	7.9	7.6	6.9	6.3	5.8	5.1	4.8	4.6	4.5	4.3		down
Retail Sales (% YoY)	6.0	7.3	8.8	5.4	1.7	3.5	2.8	5.9	5.1	3.2	2.3			down
Indutrial Production (% YoY)	6.9	4.5	4.1	1.8	1.7	0.9	2.7	2.0	0.8	-1.1	0.8			down
Remittances (Millions, USD)	4817.6	5353.0	4425.1	4359.1	5186.1	5001.6	5696.9	5575.2	5651.5	5563.3	5612.6			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Disclaimer and cautionary statement

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