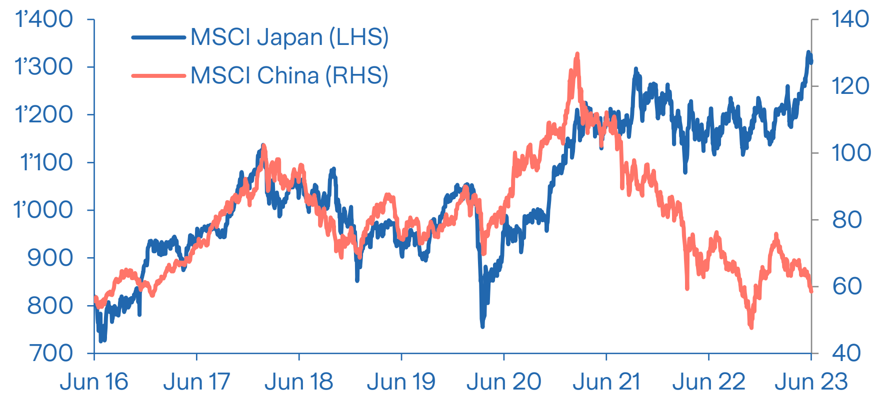
ZURICH

Monthly Investment Insights

1 June 2023

Japan's equity outperformance versus China seems overdone



Source: MSCI, Bloomberg, ZIG

Though it has never happened before, investors were concerned that the debt ceiling negotiations between President Biden and Republican House Speaker McCarthy would fail to reach a resolution. Now that the deal is likely to pass both the House of Representatives and the Senate, a potential tail risk for financial markets has been removed and should lift investors' spirits. However, even if the bill passes both houses as expected, fundamental risks for the US economy remain. We maintain our long standing view that a recession is likely later this year. However, market participants appear to be focussing on other risks as well. China's poor PMIs for May contributed to the S&P 500 falling below 4'200, following a short breakout on the US debt ceiling deal. Unless a convincing upside break with high trading volume is confirmed shortly, we believe a neutral stance towards equities versus government bonds is warranted in the near term.

Turning to the equity markets of the other two major global economies, China and Japan, we note that the 63% slump in the MSCI China between February 2021 and November 2022 was the result of a severe shift in investor confidence from euphoria to despair. Government measures to curtail the business of major internet companies in order to bring them in line with President Xi's 'Common Prosperity' policy resulted in a selloff. As these companies were equity index heavyweights, the market impact was severe and even resulted in discussions as to whether Chinese equities are 'investable' in principle. The rebound in late 2021, following China's end to Covid-related restrictions, lifted the mood and induced a rally, which ended abruptly, however, when it became clear that the economic reopening boom was to be short-lived.

Meanwhile, the MSCI Japan equity index has been moving along in a major volatile 'saucer' pattern from September 2021 until recently, with the 'zig-zag' waves moving in line with Covid infection waves that negatively impacted domestic consumption, while exports were suffering from supply-chain disruptions. As visible in the chart, the recent breakout to the upside was induced by strong foreign buying, driven by expectations of improving corporate governance following guidance from the Tokyo Stock Exchange, the reflation of the economy and a weaker yen versus major currencies.

While more than half of the reopening gains for Chinese equities have evaporated in the last four months, Japanese equities appear to have become everybody's darling, significantly outperforming Chinese equities. While we believe this new trend can prevail for longer, we think the move is overextended in the short term, suggesting a healthy correction may occur.

Market Assessment

Key developments

- Fears of an US debt ceiling impasse have faded following an agreement between the US Government and the Republicans
- China's economic recovery stalls, while the services driven boom in Japan continues and manufacturing activity rebounds
- Global equities keep moving sideways, urging a wait-and-see attitude in our positioning

Zurich's view

Though our view remains cautious in the long term, we have moved to a neutral assessment of equities versus government bonds in the short term. We believe some upside risk in global equities remains, driven by the surge of a few heavyweight AI-related stocks, an improving corporate earnings outlook and the fading risk of an US debt ceiling impasse. Momentum driven market moves tend to last longer than the fundamental assessment suggests, while any signs of exuberance on the upside should be short lived.

As for government bond markets, we believe slowing growth and a peaking of policy rates should lead yields lower, but conditions will remain volatile and dependent on inflation data in the months ahead.

We believe risk reward in credit, particularly US Investment Grade and global High Yield credit, is unattractive. Spreads appear tight on a historical basis versus several leading indicators, which forebodes a deterioration in credit fundamentals such as default rates. Defaults have picked up at a sharp pace while bank sector issues are likely to lead to credit conditions remaining tight for some time.

	Key developments	Zurich's view
Global	• The economy remains unusually divergent with services strong but manufacturing weakening further • Aggressive policy tightening will weigh on activity going forward with some further rate hikes still likely • Slowing growth and a peaking of rates should lead government bond yields lower, but conditions will remain volatile and data dependent in the months ahead	Manufacturing activity has weakened further, led by disappointing activity in China and a fading growth rebound in Europe. World trade remains in contraction, and leading Asian trade data do not signal a turnaround. Construction and housing activity are also lacklustre, despite signs of stabilisation in some regions. By contrast, services have gained further momentum, boosted by strong leisure and travel demand, and job markets are historically tight. Given sticky demand and inflation in the services segment, central banks are maintaining a hawkish stance, with some further rate hikes expected. We continue to expect the lagged effects of policy tightening to lead growth lower in the months ahead, with risk to the downside.
US	• Headline inflation falls to 4.9% YoY in April, the lowest in two years • The Fed hikes again but is signalling a pause at its next meeting in June • The stock market moves higher, driven by the technology sector	The economic environment has deteriorated further, with the Conference Board's Leading Index now at -8.0% YoY, a level usually only seen in recession. Headline inflation fell to 4.9% in April, the lowest since April 2021. Core inflation also slowed marginally from 5.6% to 5.5%. While the slowing trend is promising, the monthly rate of 0.4% for both headline and core inflation is still too high for the Fed to be convinced that inflation is under control. Nevertheless, we expect the Fed to remain on hold in the coming months. Meanwhile, the stock market rose back to the upper end of its recent trading range despite the deterioration in the growth outlook and increasing headwinds for corporate earnings. The equity rally is becoming increasingly unbalanced, however, driven by a small number of large tech stocks.
UK	• Headline inflation falls substantially, but core measures remain very sticky • The labour market eases at the margin with the unemployment rate ticking up to 3.9% • Business activity is slowing, mostly driven by weakness in the manufacturing sector	Helped by base effects, headline inflation fell from 10.1% YoY in March to 8.7% in April. However, the acceleration of the MoM rate from 0.8% to 1.2%, as well as the pickup in core inflation from 6.2% YoY to 6.8% show that inflation remains far too high. Since price pressure is increasingly domestic, it is very likely that the BoE will continue tightening its policy. Meanwhile, the economy is losing momentum with the Manufacturing PMI falling from 47.8 in April to 46.9 in May. Service activity is holding up better with the Services PMI only down from 55.9 to 55.1. The tight labour market is showing signs of easing at the margin with the unemployment rate ticking up from 3.8% to 3.9% in March while jobless claims have reached the highest level since early 2021, but neither factor should stop the BoE from hiking again in June.
Eurozone	• The ECB raises policy rates by 25bps, bringing the deposit rate from 3.0% to 3.25% • Latest PMIs suggest the Q1 bounce in business activity is already fading • Revisions to German GDP data show that it did in fact experience a recession over the winter	The ECB raised policy rates by 25bps in early May. This represented a step down from the 50bp increment of rate increases at the last few meetings. However, ECB President Christine Lagarde indicated that the Bank is expecting to increase interest rates further saying that, '[W]e are on a journey and we are not pausing.' Inflation remains uncomfortably high for the Central Bank, with the flash estimate for April showing headline inflation up by a tenth of a percentage point to 7.0% YoY and core inflation still elevated at 5.6% YoY. However, some recent data are indicating that the bounce back in activity in Q1 is already fading. The Flash PMIs disappointed in May, with the manufacturing sector particularly weak, while hard data such as retail sales and industrial production have also been soft.
Switzerland	• GDP growth rebounds in Q1, led by solid services consumption and business investment as well as a stabilisation in construction activity • Leading indicators weaken further, however, indicating that a material slowdown in economic activity is underway • Consumer and producer price inflation fall further, reducing the need for further policy tightening	Led by strong services consumption and business investment, GDP grew by 0.3% QoQ in Q1, up from flat growth in Q4. Leading indicators have weakened further, however, indicating that the Q1 rebound is already fading. The KOF leading indicator fell sharply for a second consecutive month in May, with weakness driven by the financial and manufacturing sectors. The Manufacturing PMI has also slumped, with current output and new orders particularly weak. On a positive note, consumer and producer prices have fallen further, and wage data show that nominal wages only expanded by 0.9% in 2022, confirming that underlying wage and price pressures remain contained. Further rate hikes are not needed in our view, and we anticipate the SNB to be on hold in June, though the decision will be finely balanced.

	Key developments	Zurich's view
Japan	• Japan's recent foreign policy steps are applauded by many observers • The economy continues to benefit from the strong services sector • The MSCI Japan surges to a 33-year high, driven by foreign investors	Japan moved back into the limelight with PM Kishida hosting the G7 meeting and holding talks with heads of state from the 'Global South' and Ukraine. Ties with South Korea as well as several African countries have strengthened, and public polls are showing strong support for the Kishida led government. While officially denied, we believe snap elections could be held in Q3 to stabilise the LDP led government. Leading indicators confirm that Japan's economy remains on a firm footing, driven by strong services demand and increasing tourism, while manufacturing is recovering as well. Equity indices like the MSCI Japan and the Topix are at 33-year highs, outperforming global equities. Stronger share buybacks and other measures to improve capital efficiency have not gone unnoticed by foreign investors.
China	• Economic activity slows following the reopening boom • The property market remains the weakest link • Chinese equities have now given up more than half of the reopening boom	China's reopening boom has lost steam, with economic activity slowing markedly in April and May. Pent-up demand for property investments has subsided quicker than expected, creating a blow to related domestic demand for which foreign trade cannot compensate. The labour market remains stable overall, but the youth unemployment rate has surged above 20%. We believe targeted fiscal and monetary support measures are in the offing, though old-style major stimulus packages are not anticipated. Inflation has come to a standstill on the consumer level, while deflationary trends on the producer level have intensified. Over the last four months, the MSCI China has given up more than half of its reopening gains from the prior three months as the appetite of foreign investors has waned markedly.
Australia	• The RBA lifts its cash rate to 3.85% in May, following an April pause • The 2023-24 budget outcome surpasses expectations, allowing targeted fiscal stimulus • Australian equities underperform compared to other developed markets, and bond yields move sharply higher, mirroring global trends	The Reserve Bank of Australia unexpectedly raised its cash rate to 3.85% after an April pause. Despite still rising rates, home prices rose for the second month in a row. April saw unemployment rise from 3.5% to 3.7%, suggesting a tentative easing in the job market, although work hours continued to trend higher. The 2023-24 budget is forecasting a major fiscal shift, from an AUD 36.9bn deficit to a surplus of AUD 4.2bn, supporting a AUD 12bn increase in fiscal outlays in the coming year. Australian equities dipped last month, reflecting the lacklustre financial stocks, while material stocks did not benefit significantly from China's service-led reopening. Australian government bond yields moved sharply higher amid a surge in global core bond yields, spooked by uncertainties surrounding the US debt ceiling.
ASEAN	• ASEAN's Q1 GDP data remain resilient, driven by solid domestic demand, while global trade weakness continues weighing on exports. • Inflation is broadly stable across the region, enabling most central banks to maintain steady policy rates • ASEAN equity performance is lagging behind developed markets	Q1 GDP data showed resilience thanks to buoyant domestic demand and a strong service sector with China's reopening continuing to boost tourism. In contrast, exports underperformed markedly, with April figures showing a YoY decline of -29.4% and -17.4% in Indonesia and Malaysia, respectively, reflecting the ongoing fragility of global trade. Meanwhile, inflation is largely stable, allowing most central banks to maintain steady policy rates. An exception is Bank Negara Malaysia, which unexpectedly hiked rates by 25bp to 3%, attributing it to stronger-than-expected domestic demand, despite moderate inflation. Equity performance in ASEAN has been lacklustre, trailing behind other developed markets, and fund inflows into Indonesian equities have recently slowed after a relatively strong period.
LatAm	• In Mexico, Banxico ended the monetary policy hiking cycle while there have been no cuts yet in Brazil and Chile • Economic activity in LatAm remains resilient, despite the restrictive real interest rates • LatAm equity markets outperform other EMs, while inflation falls rapidly	Inflation continues to decline in most of the region, permitting central banks to be less hawkish but still maintain their forward guidance of keeping policy rates unchanged for an extended period. The exception is Argentina, where annual inflation reached 108.8%, and the reference rate was hiked to 97% amidst increasing pressure on the currency and wider external imbalances. Equities have outperformed other EMs, driven by Brazil and Chile. In Brazil, the Lower House passed the new fiscal framework bill. We expect Senate approval in June. Economic activity remains solid, with strong growth in retail sales and the service sector. In Chile, the centre-right and right coalitions won 34 of 51 seats in the constitutional council election, reducing political uncertainty and positively impacting financial markets.

Appendix 1

Valuation snapshot (MSCI Indices)

Current trailing valuations

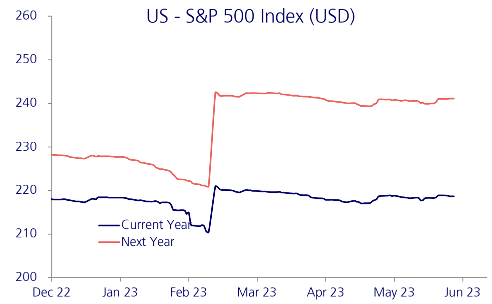
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.84	15.20	11.29	18.52	15.56	14.14	14.35	5.33	13.05
12m Trailing P/B	3.90	1.96	1.74	3.17	1.29	1.61	1.40	1.46	1.98
12m Trailing P/CF	14.12	9.10	5.71	17.37	9.24	8.40	7.52	3.82	8.72
Dividend Yield	1.67	2.93	3.69	3.02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

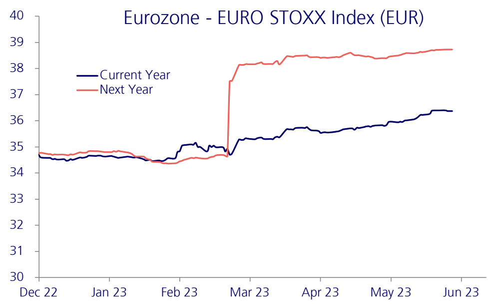
Current trailing valuations relative to MSCI world

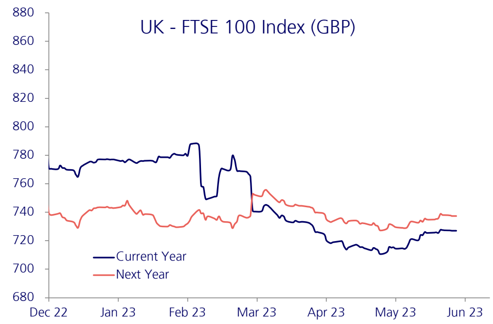
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.21	0.88	0.65	1.07	0.90	0.82	0.83	0.31	0.76
12m Trailing P/B	1.52	0.77	0.68	1.24	0.50	0.63	0.55	0.57	0.77
12m Trailing P/CF	1.27	0.82	0.51	1.56	0.83	0.76	0.68	0.34	0.79
Dividend Yield	0.74	1.29	1.62	1.33	1.11	1.34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

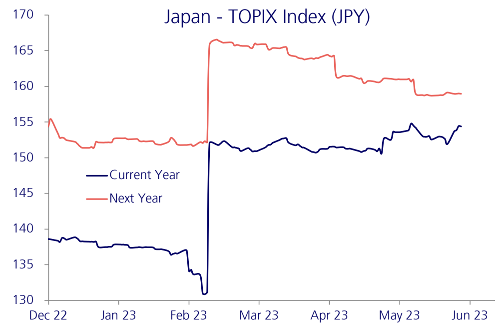
Source: Datastream

Earnings estimates - Full fiscal years



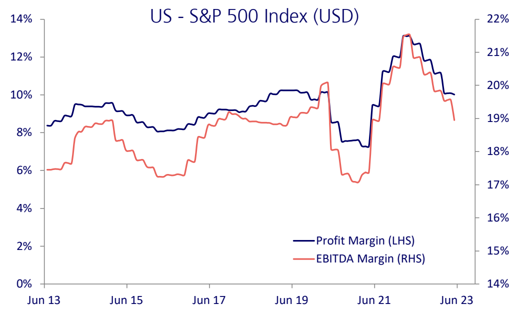


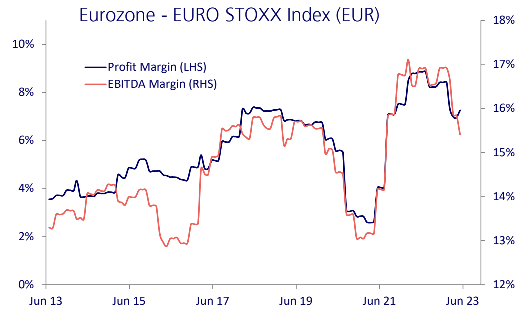


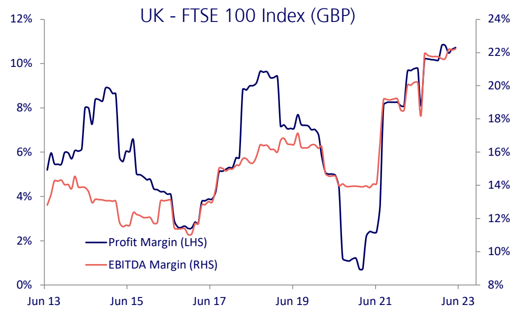


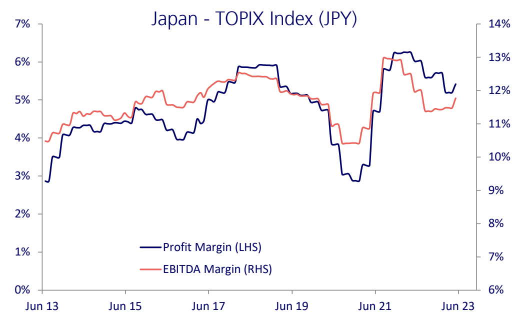
Source: Bloomberg

Historical margins





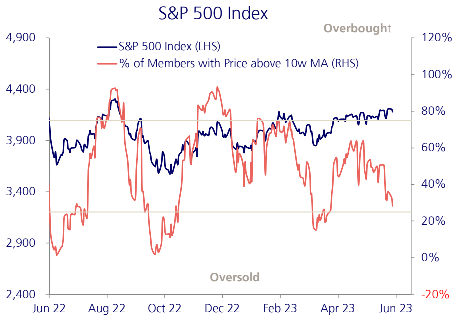


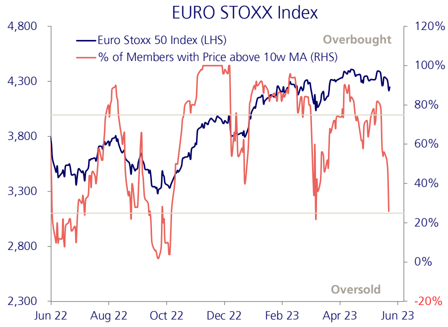


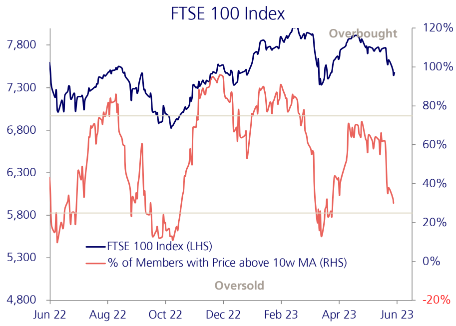
Source: Bloomberg

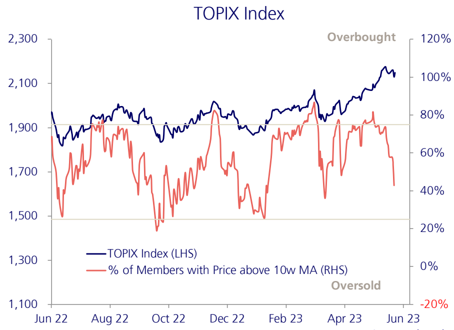
Source: Bloomberg

Overbought / Oversold









Source: Bloomberg

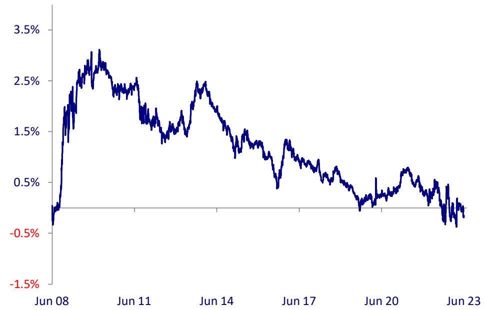
Yield Curve Steepness (2yr-10yr)

US

Germany

Japan

UK



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Jun-23	1m ago	3m ago	1yr ago
UK	51	15	-10	-75
Germany	-136	-126	-124	-172
Switzerland	-277	-252	-240	-198
Japan	-322	-316	-345	-267
Australia	-3	-22	-5	51
China	-94	-79	-103	-11
South Korea	-10	-20	-18	42
Malaysia	6	17	11	131
Indonesia	272	296	303	414
Thailand	-116		-134	-5
Philippines	41	n/a	n/a	n/a
Brazil	792	n/a	972	981
Mexico	516	522	536	579
Colombia	753	830	922	n/a
Peru	357	391	422	462

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Jun-23	1m ago	3m ago	1yr ago
France	57	57	48	52
Netherlands	37	37	35	29
Belgium	69	69	59	60
Austria	70	67	65	56
Ireland	45	39	50	58
Italy	187	186	182	202
Spain	105	105	95	112
Portugal	73	82	86	115

Source: Bloomberg, ZIG

Economic data

US	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Trend*
ISM Manufacturing (Index)	56.1	53.1	52.7	52.9	51.0	50.0	49.0	48.4	47.4	47.7		46.3		down
ISM Non-Manufacturing (Index)	56.4	56.0	56.4	56.1	55.9	54.5	55.5	49.2	55.2	55.1		51.2		down
Durable Goods (% MoM)	0.8	2.3	-0.1	0.2	0.2	0.7	-1.8	5.1	-5.0	-1.2		3.2		up
Consumer Confidence (Index)	103.2	98.4	95.3	103.6	107.8	102.2	101.4	109.0	106.0	103.4	104.0		101.3	down
Retail Sales (% MoM)	9.7	9.3	10.3	10.2	9.4	8.8	6.1	6.0	7.4	5.2		2.3		down
Unemployment Rate (%)	3.6	3.6	3.5	3.7	3.5	3.7	3.6	3.5	3.4	3.6	3.5	3.4		neutral
Avg Hourly Earnings YoY (% YoY)	6.7	6.7	6.6	6.2	5.9	5.7	5.7	5.4	5.2	5.3		5.1		down
Change in Payrolls ('000, MoM)	364.0	370.0	568.0	352.0	350.0	324.0	290.0	239.0	472.0	248.0	165.0	253.0		down
PCE (% YoY)	4.9	5.0	4.7	4.9	5.2	5.1	4.8	4.6	4.7	4.7	4.6	4.7		down
GDP (%, QoQ, Annualized)		-0.6			3.2			2.6			1.1			

UK	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Trend*
PMI Services (Index)	53.4	54.3	52.6	50.9	50.0	48.8	48.8	49.9	48.7	53.5	52.9		54.9	down
Consumer Confidence (Index)	-40.0	-41.0	-41.0	-44.0	-49.0	-47.0	-44.0	-42.0	-45.0	-38.0	-36.0		-30.0	up
Unemployment Rate (%)	3.8	3.8	3.6	3.5	3.6	3.7	3.7	3.7	3.7		3.8			down
CPI (% YoY)	9.1	9.4	10.1	9.9	10.1	11.1	10.7	10.5	10.1	10.4		10.1		down
GDP (% YoY)		3.8			2.0						0.6			

Eurozone	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Trend*
PMI Manufacturing (Index)	54.6	52.1	49.8	49.6	48.4	46.4	47.1	47.8	48.8	48.5	47.3	45.8	44.8	down
PMI Services (Index)	56.1	53.0	51.2	49.8	48.8	48.6	48.5	49.8	50.8	52.7	55.0		56.6	down
IFO Business Climate (Index)	93.0	92.3	88.9	89.0	85.2	85.0	86.4	88.5	90.1	91.0	93.2		93.6	down
Industrial Production (% MoM)	2.1	2.0	-3.2	2.5	0.4	-1.7	1.3	-1.4	1.0		1.5			up
Factory Orders GE (% MoM)	0.5	-0.7	2.0	-2.1	-2.4	0.1	-2.6	1.9	0.5		4.8			up
Unemployment Rate (%)	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.6			6.6		down
M3 Growth (% YoY, 3 months MA)	5.8	5.8	5.7	6.1	6.3	5.1	4.8	4.1	3.5			2.9		down
CPI (% YoY)	8.1	8.6	8.9	9.1	9.9	10.6	10.1	9.2	8.6	8.5			6.9	down
Core CPI (% YoY)	3.8	3.7	4.0	4.3	4.8	5.0	5.0	5.2	5.3	5.6			5.7	down
GDP (% QoQ)		0.9			0.4			0.0			0.1			

Switzerland	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Trend*
KOF Leading Indicator (Index)	97.4	98.2	96.4	93.1	92.1	90.9	89.3	91.6	97.5	98.9	99.0	96.1	90.2	down
PMI Manufacturing (Index)	59.8	59.1	58.0	56.7	56.8	55.4	54.4	54.5	49.3	48.9			47.0	down
Real Retail Sales (% YoY)	-2.0	0.1	2.5	1.6	2.1	-2.5	-1.8	-3.5	-1.7	-0.8	-1.9	-3.7		up
Trade Balance (Billion, CHF)	3.1	3.6	3.4	3.7	4.4	4.2	2.2	2.4	4.9	3.4	4.5	2.6		up
CPI (% YoY)	2.9	3.4	3.4	3.5	3.3	3.0	3.0	2.8	3.3	3.4	2.9	2.6		down

Japan	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Trend*
Nomura Manufacturing PMI (Index)	53.3	52.7	52.1	51.5	50.8	50.7	49.0	48.9	48.9	47.7	49.2	49.5	50.6	up
Machine Orders (% YoY)	7.4	6.5	12.8	9.7	2.9	0.4	-3.7	-6.6	4.5		9.8			up
Industrial Production (% YoY)	-3.1	-2.8	-2.0	5.8	9.6	3.0	-0.9	-2.4	-3.1	-0.5		-0.7		up
ECO Watchers Survey (Index)	52.6	51.8	43.5	44.8	49.6	51.1	49.7	49.0	46.5	51.0		55.2		down
Jobs to Applicants Ratio (Index)	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.3		1.3		down
Labour Cash Earnings (% YoY)	1.0	2.0	1.3	1.7	2.2	1.4	1.9	4.1	0.8		0.8			down
Department Store Sales (% YoY)	57.8	11.7	9.6	26.1	20.2	11.4	4.5	4.0	15.1	20.4		9.8		up
Money Supply M2 (% YoY)	3.1	3.3	3.4	3.4	3.3	3.1	3.1	2.9	2.7	2.6		2.6		down
CPI Ex Food & Energy (% YoY)	0.2	0.2	0.4	0.7	0.9	1.5	1.5	1.6	1.9	2.1		2.3		down
Exports (% YoY)	15.8	19.2	19.0	22.0	28.9	25.3	20.0	11.5	3.5	6.5		4.3		down

China	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Trend*
PMI Manufacturing (Index)	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9		49.2	down
Industrial Production (% YoY)	0.7	3.9	3.8	4.2	6.3	5.0	2.2	1.3				3.9		up
Retail Sales (% YoY)	-6.7	3.1	2.7	5.4	2.5	-0.5	-5.9	-1.8				10.6		up
PPI (% YoY)	6.4	6.1	4.2	2.3	0.9	-1.3	-1.3	-0.7	-0.8	-1.4		-2.5		down
Exports (% YoY)	16.4	17.1	18.1	7.4	5.6	-0.3	-9.0	-9.9	-10.5	-1.3		14.8		up
CPI (% YoY)	2.1	2.5	2.7	2.5	2.8	2.1	1.6	1.8	2.1	1.0		0.7		down
RRR (%)	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.0	11.0	11.0	10.8	10.8	10.8	down
GDP (% YoY)		0.4			3.9			2.9			4.5			up
PMI Non Manufacturing (Index)	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9	49.2	48.8	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Trend*
AiG Manufacturing (Index)	52.4	54.0	52.5	49.3	50.2	49.6	44.7							down
AiG Service (Index)	49.2	48.8	51.7	53.3	48.0	47.7	45.6							down
Westpac Consumer Confidence (% MoM)	-5.6	-4.5	-3.0	-3.0	3.9	-0.9	-6.9	3.0	5.0	-6.9	0.0		9.4	up
Building Approvals (% YoY)	-19.9	-16.3	-23.2	-6.7	-11.3	-4.6	-9.5	-3.7	-8.1			-31.1		down
Employment Change ('000, MoM)	59.4	91.9	-17.1	54.2	14.1	43.0	59.6	-13.2	-10.5	63.6		53.0		up

Brazil	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Trend*
CPI (% YoY)	11.7	11.9	10.1	8.7	7.2	6.5	5.9	5.8	5.8	5.6		4.7		down
Industrial Production (% YoY)	-0.3	-0.6	-0.4	1.8	-1.0	1.2	0.8	-0.4	0.3	-2.4		0.9		down
Retail Sales (% YoY)	-0.2	-0.1	-5.3	1.6	3.2	2.7	1.4	0.4	2.8	1.1		3.2		down
Trade Balance (Millions, USD)	8889.9	5357.3	4106.7	3694.6	3375.4	6200.3	4533.4	2283.9	2618.8	10941.2		8225.0		up
Budget Balance Primary (Billions, BRL)	-66.0	-83.8	-22.5	-65.9	-60.6	-14.5	-70.4	-70.8	46.7	-90.6		-79.5		down

Chile	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Trend*
IMACEC Economic Activity Index (% YoY)	6.08	3.41	0.39	0.80	-0.57	-1.46	-3.33	-2.02	0.09	-0.52	-2.09			up
CPI (% YoY)	11.55	12.49	13.12	14.09	13.73	12.81	13.34	12.79	12.33	11.95		11.09		down
Retail Sales (% YoY)	-6.00	-11.17	-13.14	-14.54	-12.39	-15.39	-11.10	-10.43	-9.26	-8.07	-10.72			up
Industrial Production (% YoY)	1.60	-1.54	-5.08	-5.06	-1.43	-4.24	-5.02	-1.21	0.47	-1.09	-5.91	-1.95		down
Unemployment (%)	7.80	7.80	7.90	7.90	8.00	8.00	7.90	7.90	8.00	8.40	8.80	8.70		up

Mexico	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Trend*
PMI (Index)	50.8	49.5	51.2	49.5	50.4	50.2	51.0	51.4	49.8	51.2		49.2		down
CPI (% YoY)	8.0	8.0	8.2	8.7	8.7	8.4	7.8	7.8	7.9	7.6	6.9	6.3		down
Retail Sales (% YoY)	5.1	4.0	5.0	4.7	3.3	3.8	2.4	2.5	5.3	3.4	2.5			down
Indutrial Production (% YoY)	6.6	5.2	5.4	8.1	8.4	5.3	4.6	2.7	4.7	2.4	1.1			down
Remittances (Millions, USD)	5141.9	5144.0	5301.4	5123.8	5036.8	5361.4	4817.6	5353.0	4406.1	4348.4	5193.8			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Disclaimer and cautionary statement

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