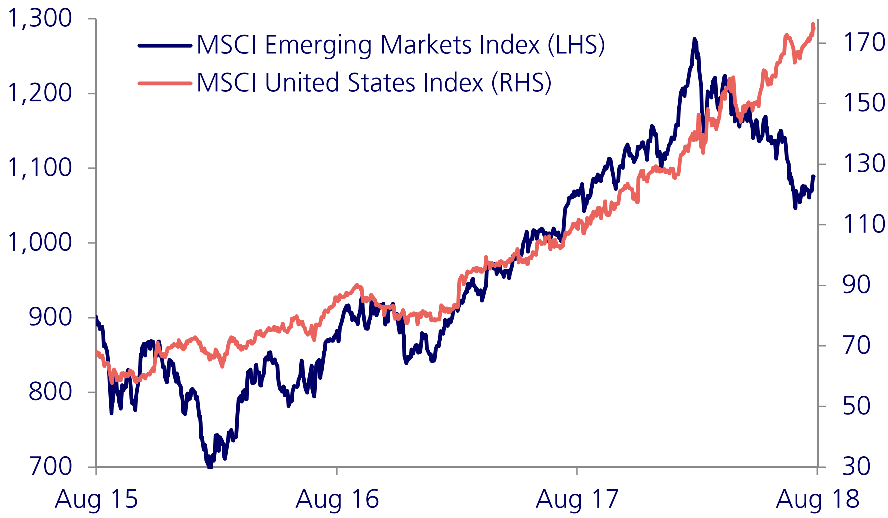
August 2, 2018

Monthly Investment Insights

Are EM equities poised for a bounce?



Source: Bloomberg

Global equities have oscillated within a narrowing price range, and the MSCI World index is flat year-to-date. Under this smooth surface, a gap has opened between the leaders, US equities, and the laggards, emerging market (EM) equities. Can EM stocks catch up and if so, when will they do so? We think that they can and that a tactical turnaround will develop. We believe that uncertainty around trade tariffs will subside and that China's policy loosening will positively impact the economy towards the end of the year. However, in the longer term as the major central banks move ahead with quantitative tightening, we will see further headwinds for EMs.

The global trade skirmish has hit EM sentiment hard. Bellicose rhetoric will probably persist through autumn, with the US due to announce whether it will implement tariffs on an extra USD 200bn of Chinese imports. However, in our view, a compromise between the US and China is the most likely outcome. We also think that trade war fears are at least partly discounted in equity prices. Indeed, in the last six months, Asian equities have experienced their third worst period of outflows since 2002 and they now seem poised for a short-term bounce.

From a fundamental perspective, slowing growth in the largest EM economy, China, has revived investors' fears. We think that the Chinese economy is in much better shape than in 2015. Today, consumption indicators such as tourism and online retail sales are solid. Additionally, capital outflows are more contained. Admittedly, infrastructure spending and aggregate financing fell sharply in May and June, but the Chinese authorities have reacted quickly by injecting liquidity to increase bank lending and bond purchases. Shadow loans and local government bond financing, which have decreased substantially this year, will see some relaxation of constraints. As a result of these policy amendments, China's economic activity should recover somewhat toward the end of the year.

Though a tactical rebound seems underway, longer-term issues remain. The US Fed's determination to tighten at a steady pace represents another source of angst for EM investors. Many EM central banks have followed the Fed and hiked rates to defend their currencies. Central banks have acted swiftly and pre-emptively, which has bolstered their credibility and allowed currencies to stabilise. Going forward, as central banks tighten, many EM countries are getting closer to a tipping point where tighter financing conditions hinder domestic growth.

Market Assessment

Key developments

- Manufacturing PMIs were mixed. The Eurozone index ticked up and the US held up well, but the Japanese PMI fell to a 20-month low
- The Chinese authorities injected liquidity to stimulate lending and relaxed implementation rules for asset management products and local government financing vehicles
- Q2 earnings reporting season is well underway, with results broadly surprising to the upside in the US and Europe

Zurich's view

Despite mixed economic data global growth remains above trend and is expected to remain so for some time yet. This has led to strong earnings results, and should continue to support global equities.

From a market perspective, we believe that a tactical rebound in EM equities is likely following six months of severe portfolio outflows. Base metal prices and EM currency crosses vs. the US dollar, two barometers of investors' sentiment towards EM, are stabilising. Within EMs, ASEAN equity markets have corrected severely and are attractively valued. In contrast, Chinese equities are likely to remain under pressure for some time.

Although fundamentals are strong, downside risks persist. Going forward, financial markets are likely to price in tighter financing conditions. We see little upside for credit markets, as corporates continue to favour equity investors via dividend distribution and share buybacks. At the same time, European bank fundamentals remain fragile. Unsurprisingly, credit investors have become more discerning, as seen in both primary and secondary markets.

	Key developments	Zurich's view
Global	• Economic data continue to imply a robust global landscape, albeit with growth rates having peaked • The imposition of tariffs and the potential for more to come remain a significant risk as rhetoric rises • A strong earnings season is helping to lift equities, while core bond yields rise modestly	Global economic growth is continuing to track above trend, with PMI data suggesting the expansion has further to run. That noted, some readings have moderated, supporting our view that the pace of expansion has started to slow, as should be expected in a maturing cycle. While the US economy remains in rude health, activity in China is being impacted by prior policy tightening, with the Yuan falling. Targeted counter measures have been forthcoming, which we believe will keep growth rates on track for only a modest decline this year. While many central banks have been following the US lead in raising rates, a stabilising USD has taken some pressure off in the near term. This global environment is conducive to good corporate earnings in most regions and significant M&A activity.
US	• The economy rebounds while inflation reaches the Fed's target for the first time since 2012 • US firms are about to report another quarter with stellar earnings growth • The Trump administration proposes another round of tariffs, which begins to have an impact on business sentiment	With more than two thirds of the S&P 500 firms having reported so far, Q2 is about to become another quarter with stellar earnings growth. The average earnings and sales surprises are 5.3% and 1.4%, leading to an annual growth rate of 24.4% and 9.9%. US companies continue to benefit from a solid economic environment although sentiment is increasingly burdened by the intensifying trade disputes between the US and most other regions, in particular China. The Trump administration has proposed tariffs on an additional USD 200bn on imports from China, which would affect consumer goods and therefore be a drag on household spending. The tariffs are unlikely to be imposed ahead of the mid-term election in November, so there remains time to find a compromise.
UK	• The economy further recovers from its weakness in Q1 while inflation recedes • PM May's Brexit proposal sees close links with the EU, including a free trade area for industrial goods and agricultural products • Brexit secretary Davis and foreign secretary Johnson resign after May's proposal for the future UK-EU relationship	With less than nine months to go until the UK leaves the EU, the government published its long announced "white paper" on the future UK-EU relationship. The proposals, which included a free trade area with the EU for industrial goods and agricultural products, were not well received by pro-Brexit members of her cabinet. Brexit secretary Davis and foreign secretary Johnson both resigned from their government posts as May's plan keeps the UK too closely bound to the EU in their view. While political risks remain elevated, the economy has further recovered from its weakness in Q1. Inflation has receded but remains above the BoE's target. Taking into account the very solid labour market and a reacceleration of input prices, the BoE is still on track to hike rates soon.
Eurozone	• Further evidence of stabilisation in Eurozone data • Periphery bond markets calm down … • … but this autumn remains a potential flashpoint	The past few months have seen further evidence of a stabilisation in growth. Lending data showed a pickup in loans to non-financial corporations to 4.1% YoY in June from 3.7% in May. The ECB's quarterly lending survey also confirmed that credit standards remain easy and loan demand healthy. Business confidence as measured by the PMI surveys or national surveys has also stabilised after declining sharply earlier in the year. However, the export and industrial sectors remain susceptible to a further escalation in trade tariffs and we expect domestic demand to be the key driver of growth this year. Periphery bond market volatility has died down, with investors awaiting details of the 2019 Italian budget due to be presented in September or early October.
Japan	• Japan's economy is recovering, with capacity usage high and the labour market strong • Wage growth has finally started to pick up • Following a period of weakness, Japanese equities have started to rally on a weaker yen	Japan's economy continues to recover from the slump in Q1, albeit at a moderate pace. Notably, capacity usage is at a multi-decade high, which suggests trend growth at best. Capital investment plans are strong, as the latest Tankan corporate survey revealed. Indeed, core machinery orders have spiked recently. Consumption should hold up well as wages are now rising at a pace last seen in the nineties, which should not be a surprise amid a very firm labour market. However, we do not believe that this will bring inflation to the Bank of Japan's target, which suggests that the BoJ will not change its monetary policy significantly over the next few months. Meanwhile, the equity market has regained some strength, as a weaker yen will help to spur earnings of export oriented companies.

	Key developments	Zurich's view
China	• The economic slowdown has now been confirmed by weaker data for May and June • Tariffs between the US and China have become effective, with more to come • Tighter credit market conditions are taking a toll in China's bond, equity and currency markets	Our projection of a slowdown in China's growth is now evident in much of the macroeconomic data released for May and June. Infrastructure spending is decelerating considerably, industrial production is slowing down, and retail spending is languishing. The bright spots are manufacturing investment, particularly in high tech, and service based consumption. While tariffs have already become effective in bilateral trade with the US, the threat is that more are in the offing, which could hurt growth and is already affecting corporate sentiment. We believe both monetary and fiscal policy will become more supportive, even though structural deleveraging will be maintained. Tighter credit conditions are already visible in a series of bond defaults, which increased nervousness among equity investors.
Australia	• The unemployment rate ticks down to 5.37%, the lowest level in more than five years • At 2.1% YoY, headline CPI returns to the RBA's 2-3% target band in Q2 • After outperforming global equities year-to-date, Australian equities take a breather	Full-time employment growth has picked up steam while the participation rate has jumped to a seven-year high. We expect the underemployment rate to decrease gradually. In parallel, consumer confidence rose markedly and retail sales growth ticked up. These data paint a positive picture for private consumption in Q2. In contrast, inflationary pressures remain modest: the increase in CPI was mainly driven by transport and administered prices, while underlying inflation is stuck at 1.9% YoY. Turning to financial markets, a recovery in base metals should spur the AUDUSD higher, although the 0.748 level, or the 50-day moving average, will likely prove difficult to break on the upside.
ASEAN	• Malaysia's government backpedals on its decision to cancel the high-speed railway to Singapore, opening the door to negotiations • Bank Indonesia holds its fire after hiking the repo rate by 100bps in May and June • ASEAN equity markets rebound, as portfolio outflows slow	In Malaysia, manufacturing activity has softened and business sentiment ticked down in Q2. In contrast, increased consumer confidence and the removal of the Goods and Services Tax should spur private consumption. On the policy front, we will watch the negotiations between Prime Minister Mahathir and China regarding the fate of several infrastructure projects. Turning to Indonesia, we think that the central bank is likely to tolerate some weakness in the currency in order to rein in the current account deficit. Equity markets in Indonesia and in the rest of ASEAN have benefitted from improved sentiment towards EMs. A rebound of Asian currencies vs. the US dollar would provide an additional boost to local equities, but has failed to materialise, so far.

Valuation snapshot (MSCI Indices)

Current trailing valuations

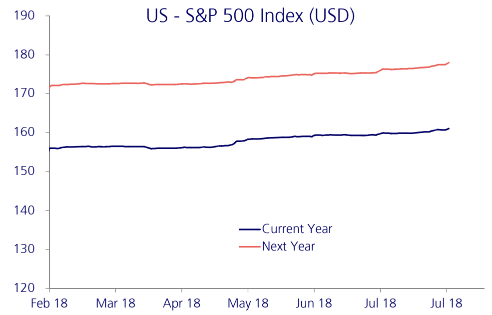
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	23.00	17.47	17.05	22.61	14.55	14.45	15.20	19.16	19.29
12m Trailing P/B	3.23	1.86	1.77	2.50	1.37	1.76	1.94	2.01	2.41
12m Trailing P/CF	15.32	9.03	10.57	14.44	7.86	9.30	8.63	7.73	8.69
Dividend Yield	1.95	3.14	3.98	3.23	2.03	2.60	1.70	2.78	2.31
ROE	14.03	10.64	10.40	11.07	9.42	12.16	12.77	10.50	12.47

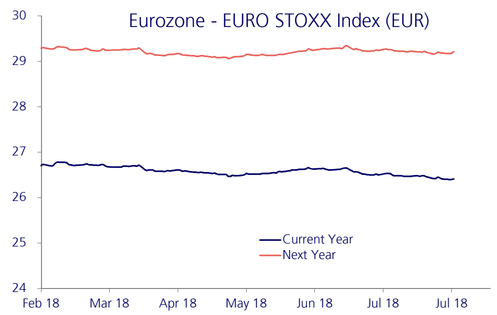
Current trailing valuations relative to MSCI world

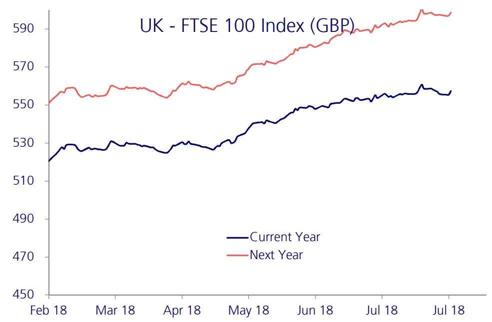
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.22	0.93	0.90	1.20	0.77	0.77	0.81	1.01	1.02
12m Trailing P/B	1.43	0.82	0.78	1.11	0.61	0.78	0.86	0.89	1.06
12m Trailing P/CF	1.32	0.78	0.91	1.25	0.68	0.80	0.75	0.67	0.75
Dividend Yield	0.81	1.31	1.66	1.34	0.84	1.08	0.71	1.16	0.96
ROE	1.17	0.89	0.87	0.92	0.79	1.02	1.07	0.88	1.04

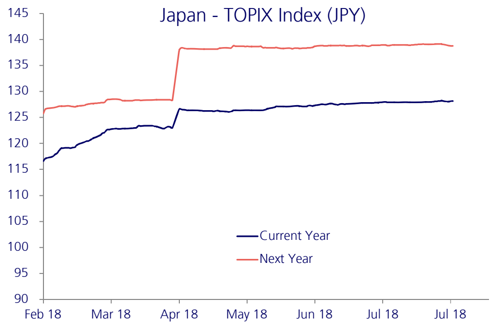
Source: Datastream

Earnings estimates - Full fiscal years



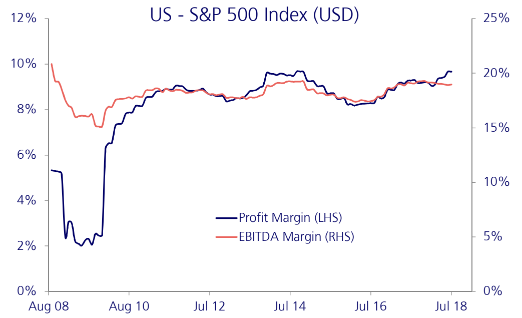


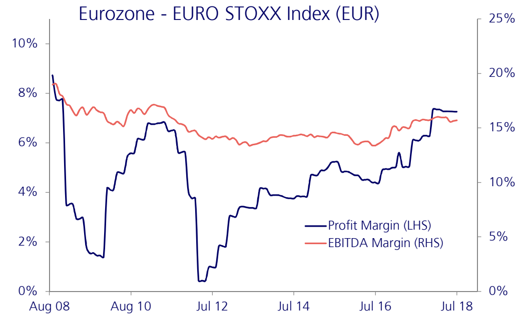


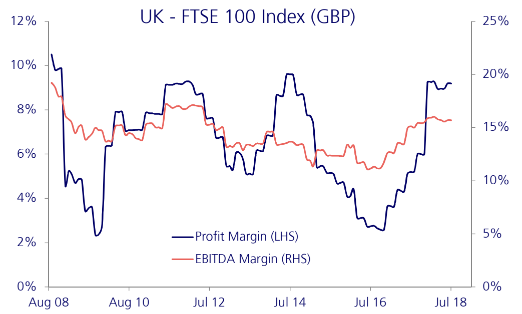


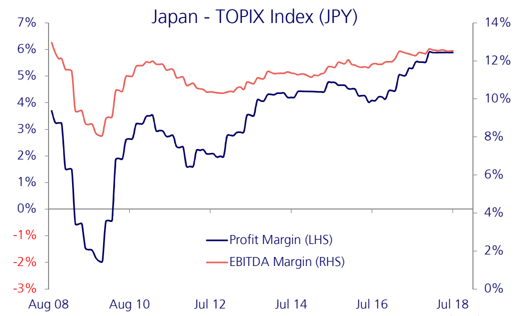
Historical margins

Source: Bloomberg



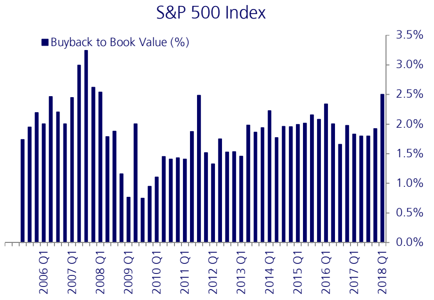


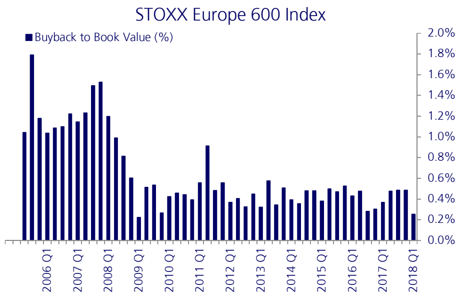


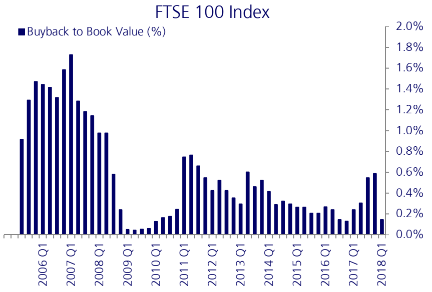


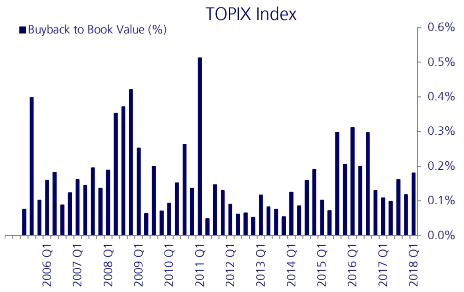
Source: Bloomberg

Shares buybacks



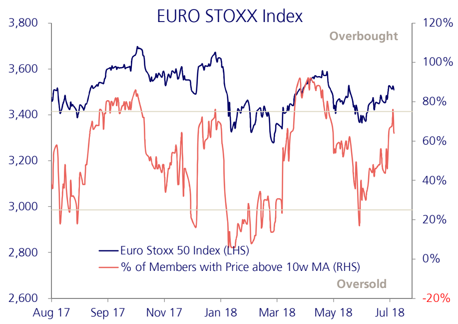


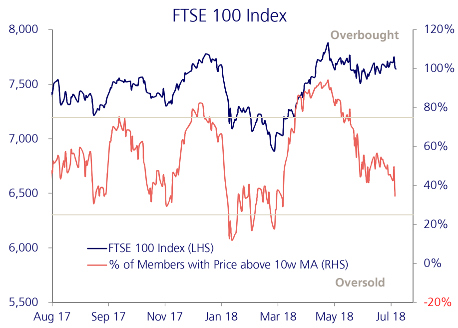


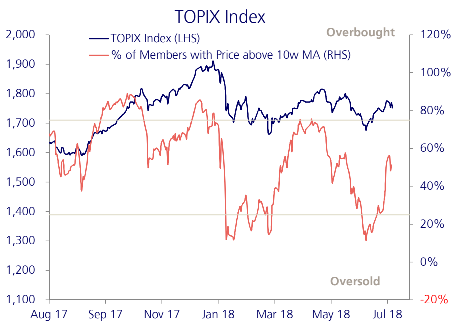


Source: Bloomberg

Overbought / Oversold



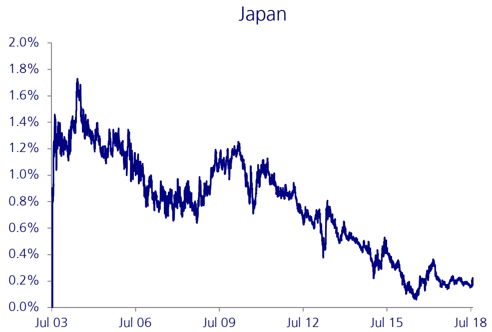


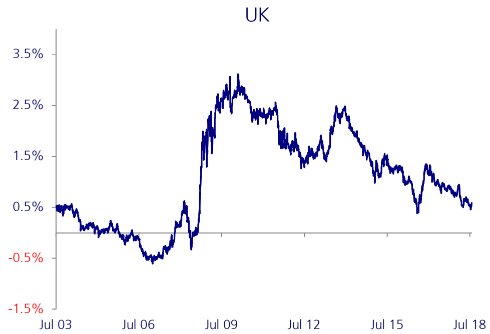


Source: Bloomberg

Yield Curve Steepness (2yr-10yr)

37835.00
43314.00
1095





Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Aug-18	1m ago	3m ago	1yr ago
UK	-161	-162	-155	-104
Germany	-253	-257	-241	-179
Switzerland	-299	-297	-290	-227
Japan	-285	-285	-290	-219
Australia	-25	-28	-18	43
China	50	60	69	137
South Korea	-41	-34	-19	-2
Malaysia	106	133	118	173
Indonesia	480	492	407	466
Thailand	-26		-48	12
Philippines	108	n/a	n/a	n/a
Brazil	831	853	689	761
Mexico	480	483	463	460
Colombia	391	371	352	463
Peru	244	270	229	324

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Aug-18	1m ago	3m ago	1yr ago
France	32	35	24	26
Netherlands	10	16	15	11
Belgium	34	38	27	29
Austria	18	27	20	16
Ireland	47	51	42	30
Italy	248	235	125	153
Spain	100	99	76	97
Portugal	136	146	116	238

Source: Bloomberg, ZIG

Economic data

US	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Trend*
ISM Manufacturing (Index)	56.5	59.3	60.2	58.5	58.2	59.3	59.1	60.8	59.3	57.3	58.7	60.2	58.1	down
ISM Non-Manufacturing (Index)	54.3	55.2	59.4	59.8	57.3	56.0	59.9	59.5	58.8	56.8	58.6	59.1		down
Durable Goods (% MoM)	-7.4	2.7	4.7	-4.1	2.2	3.2	-4.2	4.5	2.7	-1.0	-0.3	1.0		down
Consumer Confidence (Index)	120.0	120.4	120.6	126.2	128.6	123.1	124.3	130.0	127.0	125.6	128.8	127.1	127.4	up
Retail Sales (% MoM)	3.7	3.7	5.2	5.3	6.1	5.3	3.9	4.5	5.1	4.8	6.5	6.6		up
Unemployment Rate (%)	4.3	4.4	4.2	4.1	4.1	4.1	4.1	4.1	4.1	3.9	3.8	4.0		down
Avg Hourly Earnings YoY (% YoY)	2.2	2.3	2.6	2.2	2.3	2.4	2.4	2.5	2.6	2.6	2.7	2.7		up
Change in Payrolls ('000, MoM)	190.0	221.0	14.0	271.0	216.0	175.0	176.0	324.0	155.0	175.0	244.0	213.0		down
PCE (% YoY)	1.5	1.4	1.5	1.6	1.6	1.6	1.6	1.7	2.0	1.9	1.9	1.9		up
GDP (%, QoQ, Annualized)			2.8			2.3			2.2			4.1		up

UK	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Trend*
PMI Services (Index)	53.8	53.2	53.6	55.6	53.8	54.2	53.0	54.5	51.7	52.8	54.0	55.1		up
Consumer Confidence (Index)	-12.0	-10.0	-9.0	-10.0	-12.0	-13.0	-9.0	-10.0	-7.0	-9.0	-7.0	-9.0	-10.0	neutral
Unemployment Rate (%)	4.3	4.3	4.3	4.3	4.3	4.4	4.3	4.2	4.2	4.2	4.2			down
CPI (% YoY)	2.6	2.9	3.0	3.0	3.1	3.0	3.0	2.7	2.5	2.4	2.4	2.4		down
GDP (% YoY)			1.7			1.3			1.2					

Eurozone	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Trend*
PMI Manufacturing (Index)	56.6	57.4	58.1	58.5	60.1	60.6	59.6	58.6	56.6	56.2	55.5	54.9	55.1	down
PMI Services (Index)	55.4	54.7	55.8	55.0	56.2	56.6	58.0	56.2	54.9	54.7	53.8	55.2	54.4	down
IFO Business Climate (Index)	103.7	104.3	104.5	104.9	105.2	105.0	104.9	104.3	103.5	102.3	102.3	101.8	101.7	down
Industrial Production (% MoM)	1.3	1.2	-0.3	0.1	1.4	-0.1	-0.6	-0.8	0.5	-0.8	1.3			up
Factory Orders GE (% MoM)	-0.5	3.5	0.6	0.8	0.3	2.7	-3.5	-0.2	-1.1	-1.6	2.6			up
Unemployment Rate (%)	9.0	9.0	8.9	8.8	8.7	8.7	8.7	8.6	8.5	8.4	8.3	8.3		down
M3 Growth (% YoY, 3 months MA)	4.6	5.0	5.2	5.0	4.9	4.6	4.6	4.3	3.7	3.8	4.0	4.4		down
CPI (% YoY)	1.3	1.5	1.5	1.4	1.5	1.4	1.3	1.1	1.3	1.3	1.9	2.0	2.1	up
Core CPI (% YoY)	1.2	1.2	1.1	0.9	0.9	0.9	1.0	1.0	1.0	0.8	1.1	0.9	1.1	up
GDP (% QoQ)			0.7			0.7			0.4			0.3		down

Switzerland	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Trend*
KOF Leading Indicator (Index)	107.4	104.3	106.1	109.4	110.3	111.4	107.6	108.3	105.1	103.3	100.0	101.3	101.1	down
PMI Manufacturing (Index)	60.3	61.4	62.2	61.5	64.6	65.6	65.3	65.5	60.3	63.6	62.4	61.6		down
Real Retail Sales (% YoY)	-0.1	-1.2	0.3	-2.1	0.4	1.6	-0.4	0.2	-1.0	2.9	0.4	0.3		up
Trade Balance (Billion, CHF)	3.5	2.2	2.8	2.3	2.6	2.6	2.1	3.2	1.7	2.3	2.8	2.6		up
CPI (% YoY)	0.3	0.5	0.7	0.7	0.8	0.8	0.7	0.6	0.8	0.8	1.0	1.1		up

Japan	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Trend*
Nomura Manufacturing PMI (Index)	52.1	52.2	52.9	52.8	53.6	54.0	54.8	54.1	53.1	53.8	52.8	53.0	52.3	down
Machine Orders (% YoY)	-7.5	4.4	-3.5	2.3	4.1	-5.0	2.9	2.4	-2.4	9.6	16.5			up
Industrial Production (% YoY)	4.5	5.0	2.5	5.7	3.6	4.5	2.9	1.6	2.4	2.6	4.2	-1.2		down
ECO Watchers Survey (Index)	51.0	49.6	49.6	49.9	52.4	53.9	49.1	48.4	51.7	50.9	47.7	48.2		down
Jobs to Applicants Ratio (Index)	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6		up
Labour Cash Earnings (% YoY)	-0.6	0.7	0.9	0.2	0.9	0.9	1.2	1.0	2.0	0.6	2.1			down
Department Store Sales (% YoY)	-1.4	2.0	4.4	-1.8	2.2	-0.6	-1.2	-0.9	0.1	0.7	-2.0	3.1		up
Money Supply M2 (% YoY)	4.0	4.0	4.1	4.1	4.0	3.6	3.4	3.2	3.1	3.2	3.2	3.2		down
CPI Ex Food & Energy (% YoY)	-0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.3	0.3	0.1	0.1	0.0		down
Exports (% YoY)	13.4	18.1	14.1	14.0	16.2	9.4	12.3	1.8	2.1	7.8	8.1	6.7		up

China	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Trend*
PMI Manufacturing (Index)	51.4	51.7	52.4	51.6	51.8	51.6	51.3	50.3	51.5	51.4	51.9	51.5	51.2	up
Industrial Production (% YoY)	6.4	6.0	6.6	6.2	6.1	6.2			6.0	7.0	6.8	6.0		up
Retail Sales (% YoY)	10.4	10.1	10.3	10.0	10.2	9.4		9.7	10.1	9.4	8.5	9.0		up
PPI (% YoY)	5.5	6.3	6.9	6.9	5.8	4.9	4.3	3.7	3.1	3.4	4.1	4.7		up
Exports (% YoY)	6.4	4.9	7.9	6.3	11.5	10.9	10.6	43.5	-3.0	12.1	12.1	11.2		down
CPI (% YoY)	1.4	1.8	1.6	1.9	1.7	1.8	1.5	2.9	2.1	1.8	1.8	1.9		down
RRR (%)	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	16.0	16.0	16.0	15.5	down
GDP (% YoY)			6.8			6.8			6.8			6.7		down
PMI Non Manufacturing (Index)	51.4	51.7	52.4	51.6	51.8	51.6	51.3	50.3	51.5	51.4	51.9	51.5	51.2	up
Aggregate Financing (Billions, CNY)	1195.6	1489.5	1833.5	1035.7	1612.8	1148.1	3061.0	1167.1	1357.2	1575.0	760.8	1180.0		down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Trend*
AiG Manufacturing (Index)	56.0	59.8	54.2	51.1	57.3	56.2	58.7	57.5	63.1	58.3	57.5	57.4	52.0	down
AiG Service (Index)	56.4	53.0	52.1	51.4	51.7	52.5	53.5	54.7	56.1	57.5	59.0	63.0		up
Westpac Consumer Confidence (% MoM)	0.4	-1.2	2.5	3.6	-1.7	3.6	1.8	-2.3	0.2	-0.6	-0.6	0.3	3.9	up
Building Approvals (% YoY)	-9.9	-12.8	1.1	19.2	22.1	-2.7	15.2	1.0	16.7	1.4	4.1	1.6		down
Employment Change ('000, MoM)	39.1	54.6	21.7	9.2	63.2	34.5	38.2	-7.5	2.5	19.2	13.4	50.9		up

Brazil	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Trend*
CPI (% YoY)	2.7	2.5	2.5	2.7	2.8	3.0	2.9	2.8	2.7	2.8	2.9	4.4		up
Industrial Production (% YoY)	0.9	2.8	4.0	2.5	5.5	4.7	4.6	5.8	2.2	1.2	9.0	-6.6		down
Retail Sales (% YoY)	2.9	3.1	3.6	6.2	2.6	6.0	4.0	3.1	1.5	8.0	0.6	2.7		up
Trade Balance (Millions, USD)	5599.0	5178.0	5201.0	3546.0	4998.0	2816.0	5002.0	6420.0	5935.0	5981.0	5882.0	4227.0		down
Budget Balance Primary (Billions, BRL)	-44.6	-45.5	-53.3	-30.5	-30.0	-65.6	18.6	-45.8	-57.6	-26.8	-47.9	-57.9		down

Chile	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Trend*
IMACEC Economic Activity Index (% YoY)	2.71	2.52	2.34	3.45	3.56	2.79	4.01	4.05	4.47	5.86	4.90			down
CPI (% YoY)	1.70	1.90	1.50	1.90	1.90	2.30	2.20	2.00	1.80	1.90	2.00	2.50		up
Retail Sales (% YoY)	3.65	5.57	3.81	3.43	5.56	4.24	3.86	3.55	3.90	6.17	3.04			down
Industrial Production (% YoY)	3.41	4.33	0.55	3.84	2.33	0.10	5.26	8.84	8.72	7.57	3.66	5.00		down
Unemployment (%)	6.90	6.60	6.70	6.70	6.50	6.40	6.50	6.70	6.90	6.70	7.00	7.20		up

Mexico	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Trend*
PMI (Index)	52.0	54.0	52.4	52.5	52.5	52.4	51.6	52.9	53.5	51.3	51.2	52.0	50.0	down
CPI (% YoY)	6.3	6.7	6.4	6.4	6.6	6.8	5.6	5.3	5.0	4.6	4.5	4.7		down
Retail Sales (% YoY)	0.4	-0.2	-0.3	-0.1	-1.5	-2.0	0.5	1.2	1.2	3.3	2.5			up
Indutrial Production (% YoY)	3.5	4.0	2.5	2.9	2.6	-0.1	1.3	0.7	-2.4	5.6	2.8			up
Remittances (Millions, USD)	2600.0	2617.6	2489.2	2842.5	2420.8	2760.6	2267.6	2244.4	2674.8	2760.9	3155.9	3140.7		up

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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