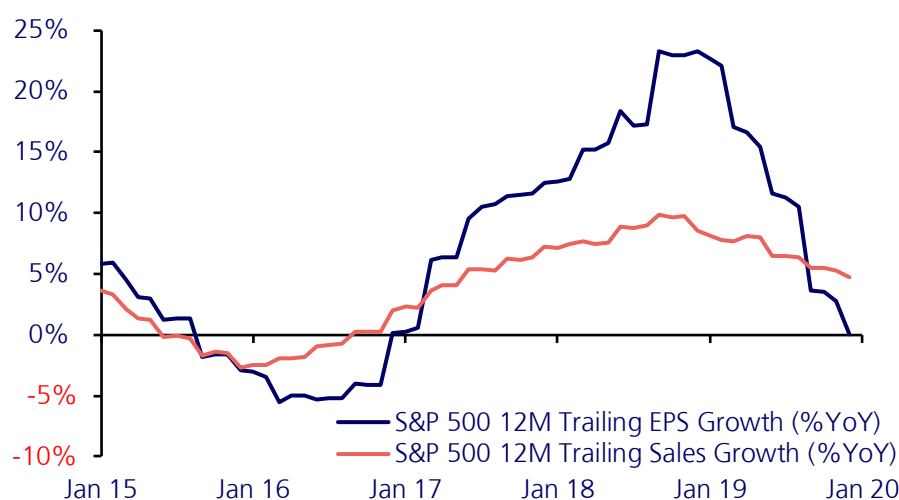


Monthly Investment Insights

Corporate earnings under pressure



Source: Bloomberg

Entering the new year, US equities have seen a continuation of the impressive momentum they enjoyed in the final quarter of 2019 before falling back from new record highs, as expected in last month's [Investment Insights](#). Investors are spooked by the continuous spreading of the coronavirus and the potential impact on the global economy. The virus hits China at a time when the economic environment is already fragile given the recent loss in momentum and the fallout from the trade war with the US. Remember that although the US and China have agreed on a partial trade deal, most of the tariffs remain in place for now. It is too early for a concrete estimate of the virus' impact on growth but major travel restrictions in China, a potential spillover to other regions as well as an uncertain outlook will weigh on business investment and consumer spending. Multinational companies like Apple indicate potential supply chain disruptions that are difficult to predict until the spread of the virus is contained.

The corporate earnings season is still in full swing, but significant divergences between sectors are already visible. While most of the big tech firms have beaten estimates and show healthy gains in earnings, the broader picture is more modest. Overall, the average earnings surprise is in line with recent quarters which indicates that corporate earnings have not grown at all compared to a year ago. Liquidity and investors' perception that growth is likely to rebound soon have driven valuations to very stretched levels. The S&P 500's forward P/E ratio stands at about 19, which remains dangerously close to the highest levels since the bursting of the dotcom bubble. However, the focus on P/E ratios conceals the fact that growth in earnings per share (EPS) was significantly boosted by rising corporate leverage and stock buybacks. Other valuation measures that are less affected by financial engineering, like the Price/EBITDA ratio, have risen to the highest on record in recent weeks. While there is some truth in the argument that lower yields make equities – and other assets – relatively more attractive, one should not ignore that low yields are likely to reflect weaker expected growth rates in the future. Longer-term Treasury yields have fallen back towards levels seen last summer when investors worried about a global recession. We continue to believe that the US economy faces further headwinds in 2020 and growth momentum is likely to fall. Geopolitical tensions continue to simmer in the background and the US Presidential Election campaign is gaining traction, adding another level of uncertainty and potential market volatility.

Market Assessment

Key developments

- Global growth remains weak, but improving sentiment and some positive data surprises encourage investors
- Corporate earnings season gets underway, with expectations relatively modest following substantial cuts to forecasts
- Following strong momentum in the opening weeks of the year, stocks come under pressure, while bonds rally, pushing yields back down towards recent lows in the US

Zurich's view

Equity valuations are stretched, and recent gains do not reflect subdued fundamentals. A lot of optimism is priced in, which is particularly visible in large tech companies' stellar performance in the last few months.

Overall, equity markets have struggled to hold their recent highs as worries around the spreading of the coronavirus as well as mixed corporate earnings reports weigh on investor sentiment. We keep our cautious view on stocks as the risk of disappointment is elevated given that markets look increasingly decoupled from fundamentals.

Credit has lagged the rally in equity markets in recent months, but technicals remain strong with record issuance and robust demand. Spreads are rather stable, but vulnerabilities continue to build.

Bond yields pulled back even before the latest stock market hick-up, despite a tick higher in headline and expected inflation, and have moved back towards recent lows in the US. We expect yields to remain under pressure as economic fundamentals are unlikely to improve substantially in the near term.

Key developments

Zurich's view

Global

- The outbreak of the coronavirus is disruptive for the global economy and will dent the fragile recovery that is underway
- Global bond yields fall along with oil and commodity prices, as safe-haven demand rises and concerns around weak growth and inflation resurface
- Policy support and the signing of the US-China trade agreement will provide some near-term relief, but sentiment is likely to remain fragile

Global activity is weak but a bottoming out process is underway. The Manufacturing PMI is back above 50, so consistent with expansion, and leading Asian trade data have rebounded, helped by a stronger tech cycle. The US-China trade deal also removes the threat of a near term escalation in the trade war. However, the outbreak of the coronavirus will dent the recovery, as it disrupts business activity and weighs on sentiment and financial markets at a juncture when macro fundamentals are already very fragile. Bond yields have slumped, approaching last year's lows. More policy support should be expected and, once the outbreak is brought under control, some catch-up in demand and spending is likely. For now, however, sentiment and activity are likely to stay fragile.

US

- The S&P 500 suffers its worst week since last August
- The number of job openings falls to the lowest level since February 2018
- Housing starts jump to the highest since 2006

The S&P 500 reached a record high in January before falling back on worries about the potential impact of the coronavirus spreading and mixed corporate earnings reports. The rise in the ISM Non-Manufacturing index indicates that spillover from a weak manufacturing sector remains limited so far. On the other hand, several labour market indicators point to a marginal deterioration of the employment situation. So far, consumer confidence is holding up well, supporting household spending. As indicated earlier by building permits and home builder sentiment, housing starts have rebounded though stronger than expected, reaching the highest level since 2006. However, rising inflation combined with a slowdown in wage growth and average weekly working hours increases the risk of a negative impact on consumers' purchasing power.

UK

- The UK leaves the EU, entering the transition period defined in the withdrawal agreement
- Business sentiment rebounds in January as near-term political risks fade
- Retail sales remain under pressure as households are reluctant to spend

Business sentiment rebounded as near-term political risks fade given the Tories' clear election victory. Although the Manufacturing PMI did not quite manage to climb back to expansionary territory, it indicates a stabilisation. Importantly, the Services PMI rose by almost 3 points to 52.9, the highest since September 2018. On the other hand, households remain reluctant to spend despite a boost in real income, as reflected in another fall in retail sales in December, the third negative print in a row. Growth momentum is likely to pick up in the near term given pent-up demand, stronger business confidence and solid real wage growth. Nevertheless, headwinds are likely to be back as the year moves on and negotiations with the EU will face significant obstacles weighing on the outlook.

Eurozone

- Sentiment surveys improve, but hard data and overall growth is still weak
- The ECB's strategic review will take most of 2020, with monetary policy likely on hold in the meantime
- Italian regional elections give some support to the governing coalition

Despite stronger sentiment surveys and manufacturing stabilisation, overall growth remains weak. The Eurozone Manufacturing PMI rose in January, led by strong gains in Germany. However, the services PMI declined, and Q4 GDP growth was just 0.1% QoQ with both Italy and France contracting. Stabilisation in manufacturing is welcome, but overall growth remains weak and the Eurozone is still susceptible to shocks. Indeed, the outbreak of the coronavirus could impact economic activity, though it is too early to determine the extent. The ECB said that its strategic review would take most of this year, implying that there is unlikely to be a substantial change in policy in the meantime. Finally, Italian regional elections were less bad for the government than feared, reducing the chances of snap elections.

Switzerland

- The Manufacturing PMI moves back into expansion, but a slump in exports shows that conditions remain difficult, with the strong franc an additional headwind
- The strong currency also intensifies disinflationary trends in the domestic economy
- The SNB intervenes in forex markets, but the franc is likely to remain strong

Despite a rebound in the Manufacturing PMI, broader sentiment and activity remain weak, and exports are now down 5% YoY, following a slump in December. The appreciation of the franc against the euro intensified in January, with the EURCHF falling below 1.07 for the first time since 2017, as Switzerland was added back to the US Treasury's watchlist for unfair currency practices. While the global trade backdrop has improved somewhat, the strong currency will remain a headwind for exporters. It also intensifies disinflationary trends in the domestic economy, pressuring retailers. The SNB continues to intervene in forex markets to weaken the franc, with another sizable increase in sight deposits in January. However, a challenging global backdrop will remain supportive for the franc.

Japan

- Japan's economic recovery is lacking momentum
- Consumer confidence is recovering, but the impact of the coronavirus is a risk
- Equities are moving sideways, with volatility expected to continue

While Japan's economy is recovering from the October 2019 consumption tax hike and the impact of major typhoons, it does not look like a stellar recovery. The Manufacturing PMI improved in January, but is still hovering below the critical 50 level, while the Services PMI has spiked higher to above 50. Consumer confidence experienced a 'V'-shaped recovery after the consumption tax hike, though it stalled in January. We believe that the upcoming Olympics should support sentiment over the next few months. On the other side of the coin, the outbreak of the coronavirus will probably dent sentiment, as the retail sector will suffer from reduced purchases by Chinese tourists and lingering infection fears. The MSCI Japan has meandered since November but seems to be rolling over.

China

- Activity data for December suggest a recovery in the manufacturing sector
- The outbreak of the coronavirus will hit consumption and the service sector
- Chinese equities have corrected sharply

Many of the economic indicators for December as well as the January PMIs indicate a stabilisation of China's economy. Industrial production and fixed asset investment data show that particularly the manufacturing sector seems to be bottoming out, but year-end statistical distortions may have played a role. The spreading of the coronavirus will certainly hamper growth in consumption and the service sector in Q1. Policy support is expected to kick in as soon as the government's implicit minimum growth rate of 5.6% for 2020 - in order to achieve the overarching target of doubling real GDP between 2011 and 2020 - is at risk. Rising consumer price inflation due to surging pork prices is expected to peak out soon due to base effects. Lunar New Year data distortions will persist until spring.

Australia

- Consumer confidence suffers from the bushfires and coronavirus
- There is room for the RBA to cut policy rates by another 25bps
- Australia's equity market has been very resilient and maybe too complacent

Australia's economy bottomed out in the first half of last year and is expected to pick up some steam this year. However, the ride will be bumpy. Consumer spending may falter again once the benefit from tax refunds subsides. Consumer confidence has suffered from the impact of the bushfires and most recently from the outbreak of the Wuhan coronavirus. The latter has also had a negative effect on Chinese tourist and student spending, affecting Australia's services exports. Business investment suffered in Q3 2019, even though it seems to have recovered in Q4. As inflation keeps hovering below the RBA's target band of 2-3%, we believe there is scope for another rate cut of 25bps. The equity market seems to agree, as it is a top performer among major markets so far this year.

ASEAN

- The Manufacturing PMI is rebounding
- Bank Negara cut its policy rate, while a reform plan is presented to Indonesia's parliament
- ASEAN equity markets have taken a hit

Having rebounded to 49.8, the ASEAN Manufacturing PMI is hovering at the upper end of its 2019 H2 range. In Indonesia, President Jokowi's reform plans look ambitious and should spur foreign investment if passed, but major opposition by trade unions needs to be overcome to secure passage. Malaysia's central bank cut its policy rate earlier than expected by 25bps to 3%. We believe this pre-emptive measure makes sense, as fiscal policy and net exports are expected to remain a drag on growth. Some ASEAN countries will be severely impacted by the suspension of China's outbound travel due to the coronavirus, particularly Thailand, Vietnam and Singapore. ASEAN equity markets have underperformed so far this year, with Philippine equities leading on the downside.

Valuation snapshot (MSCI Indices)

Current trailing valuations

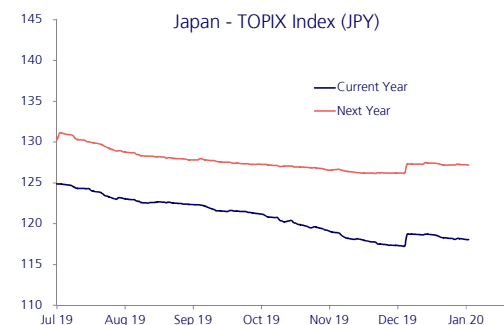
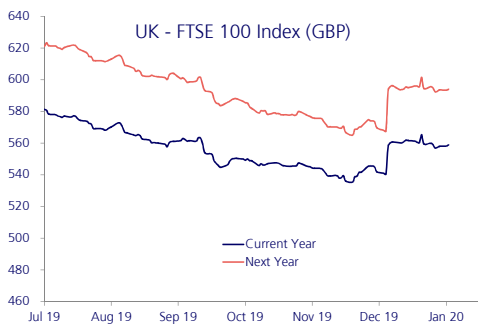
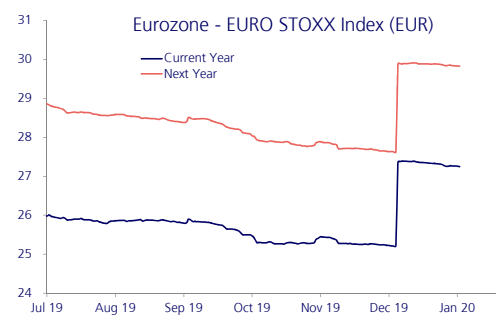
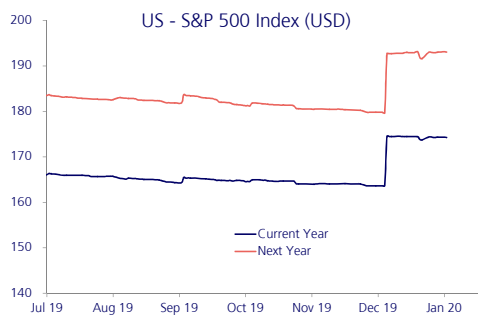
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	22.49	18.46	13.72	22.10	14.61	15.25	13.13	14.38	16.08
12m Trailing P/B	3.56	1.92	1.70	3.01	1.33	1.65	1.70	2.16	2.00
12m Trailing P/CF	15.24	10.93	9.27	11.68	8.68	10.17	8.80	10.76	9.09
Dividend Yield	1.86	3.12	4.60	2.83	2.32	2.75	2.00	3.46	3.22
ROE	15.84	10.40	12.36	13.60	9.09	10.79	12.95	15.04	12.45

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.20	0.98	0.73	1.18	0.78	0.81	0.70	0.77	0.86
12m Trailing P/B	1.50	0.81	0.71	1.27	0.56	0.69	0.72	0.91	0.84
12m Trailing P/CF	1.23	0.88	0.75	0.94	0.70	0.82	0.71	0.87	0.73
Dividend Yield	0.77	1.30	1.91	1.18	0.96	1.14	0.83	1.44	1.34
ROE	1.25	0.82	0.98	1.08	0.72	0.85	1.02	1.19	0.98

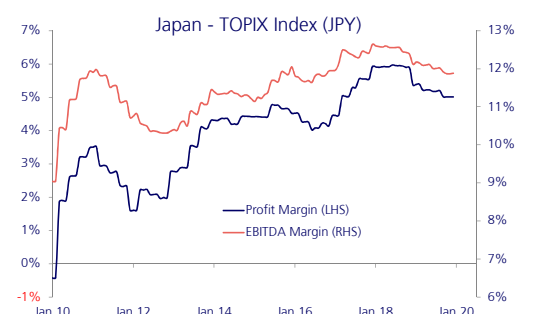
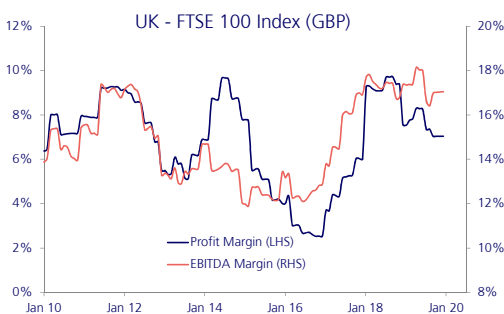
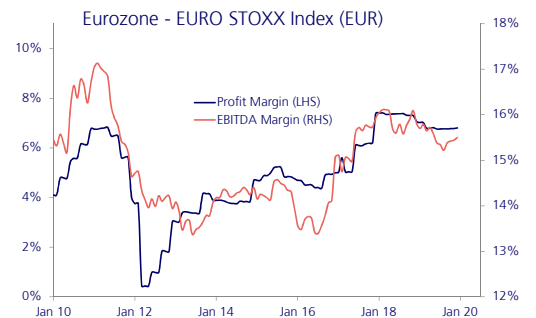
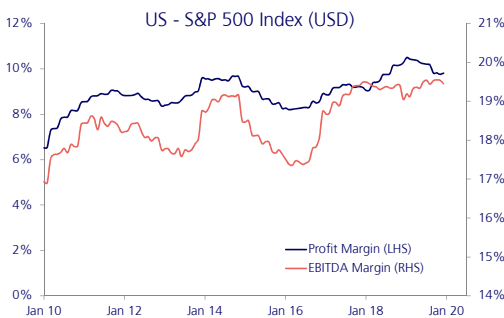
Source: Datastream

Earnings estimates - Full fiscal years



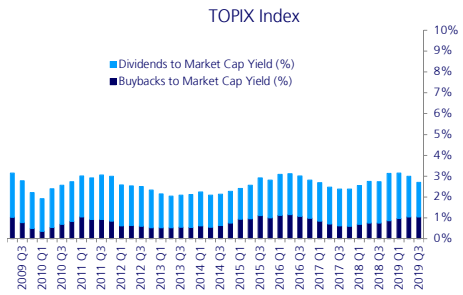
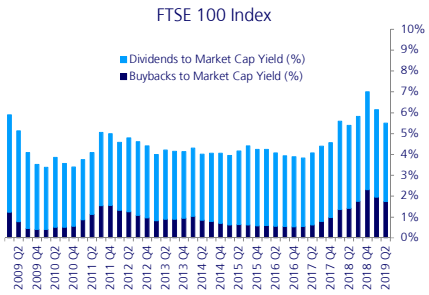
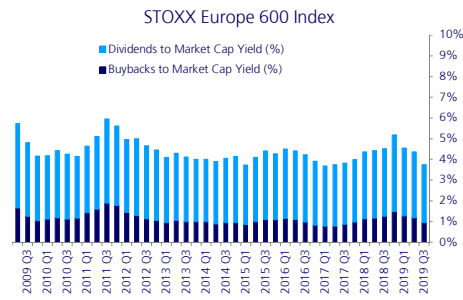
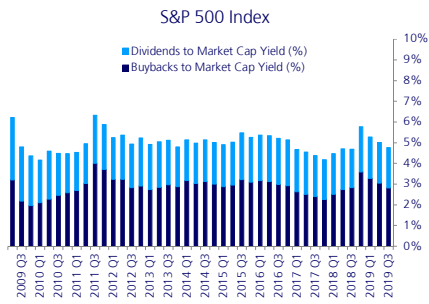
Source: Bloomberg

Historical margins



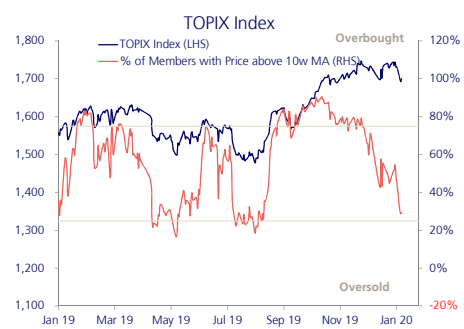
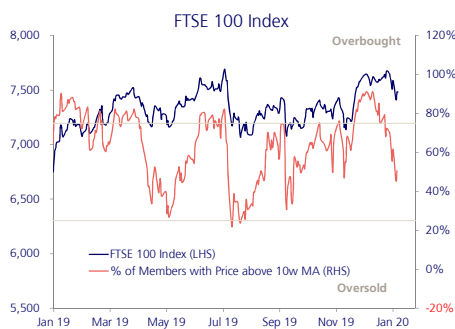
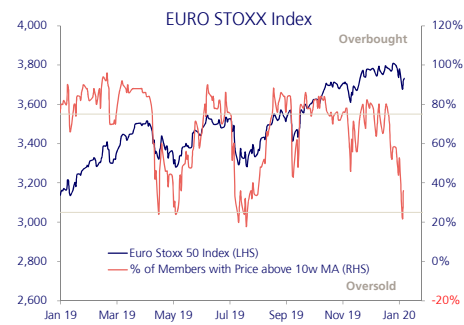
Source: Bloomberg

Dividends and shares buybacks



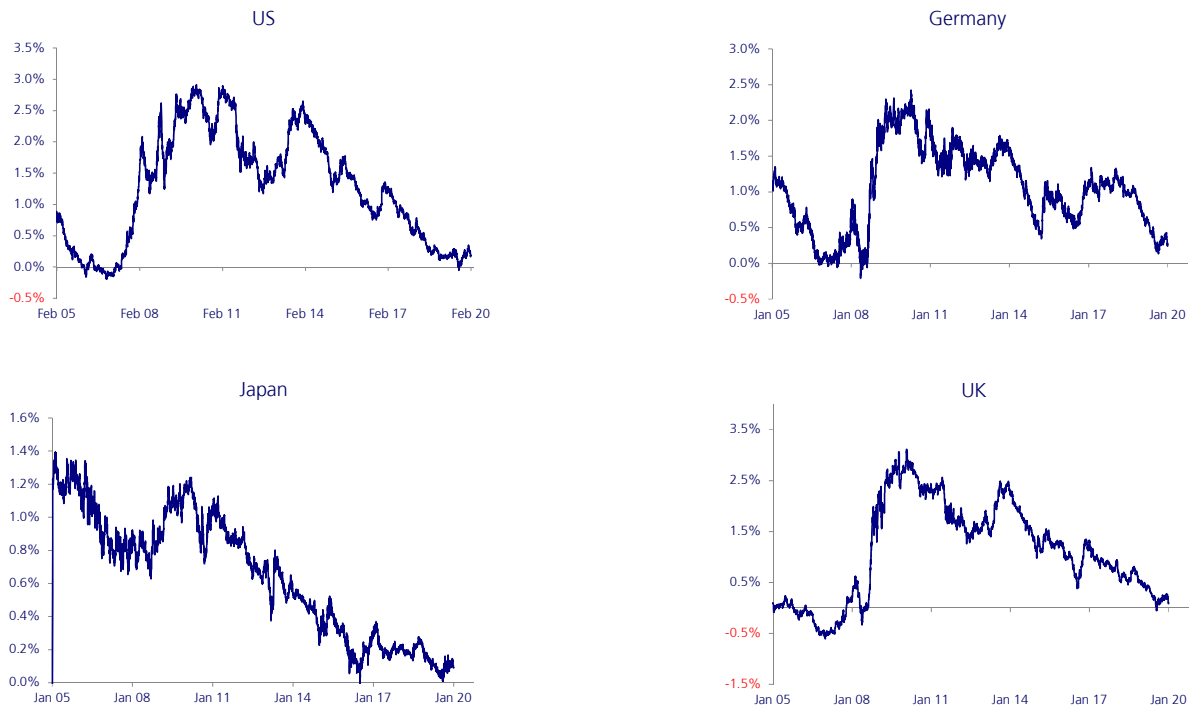
Source: Bloomberg

Overbought / Oversold



Source: Bloomberg

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Jan-20	1m ago	3m ago	1yr ago
UK	-109	-112	-106	-144
Germany	-200	-213	-210	-251
Switzerland	-232	-240	-226	-291
Japan	-166	-188	-182	-270
Australia	-61	-57	-55	-48
China	138	126	159	43
South Korea	-5	-19	4	-67
Malaysia	152	147	175	136
Indonesia	505	523	532	545
Thailand	-28		-16	-30
Philippines	244	n/a	n/a	n/a
Brazil	502	n/a	480	631
Mexico	510	502	508	585
Colombia	436	446	433	432
Peru	243	229	257	289

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Jan-20	1m ago	3m ago	1yr ago
France	25	31	31	41
Netherlands	10	15	14	10
Belgium	24	28	31	45
Austria	17	23	24	22
Ireland	26	31	41	74
Italy	134	163	133	243
Spain	67	67	64	104
Portugal	68	64	57	147

Source: Bloomberg, ZIG

Economic data

US	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
ISM Manufacturing (Index)	54.3	56.6	54.2	55.3	52.8	52.1	51.7	51.2	49.1	47.8	48.3	48.1	47.2	down
ISM Non-Manufacturing (Index)	58.0	56.7	59.7	56.1	55.5	56.9	55.1	53.7	56.4	52.6	54.7	53.9	55.0	up
Durable Goods (% MoM)	1.1	0.5	-2.6	1.7	-2.8	-2.3	1.8	2.1	0.2	-1.5	0.2	-3.1	2.4	down
Consumer Confidence (Index)	126.6	121.7	131.4	124.2	129.2	131.3	124.3	135.8	134.2	126.3	126.1	126.8	128.2	down
Retail Sales (% MoM)	1.5	2.6	1.9	3.8	3.8	3.0	3.3	3.5	4.4	4.0	3.1	3.3	5.8	up
Unemployment Rate (%)	3.9	4.0	3.8	3.8	3.6	3.6	3.7	3.7	3.7	3.5	3.6	3.5	3.5	down
Avg Hourly Earnings YoY (% YoY)	3.5	3.4	3.4	3.4	3.3	3.4	3.4	3.5	3.5	3.5	3.6	3.4	3.0	down
Change in Payrolls ('000, MoM)	227.0	312.0	56.0	153.0	216.0	62.0	178.0	166.0	219.0	193.0	152.0	256.0	145.0	down
PCE (% YoY)	2.0	1.8	1.6	1.5	1.6	1.5	1.6	1.6	1.8	1.7	1.7	1.6		down
GDP (% QoQ, Annualized)	1.1			3.1			2.0			2.1				
UK	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
PMI Services (Index)	51.2	50.1	51.3	48.9	50.4	51.0	50.2	51.4	50.6	49.5	50.0	49.3	50.0	down
Consumer Confidence (Index)	-14.0	-14.0	-13.0	-13.0	-13.0	-10.0	-13.0	-11.0	-14.0	-12.0	-14.0	-14.0	-11.0	down
Unemployment Rate (%)	4.0	3.9	3.9	3.8	3.8	3.8	3.9	3.8	3.9	3.8	3.8	3.8		down
CPI (% YoY)	2.1	1.8	1.9	1.9	2.1	2.0	2.0	2.1	1.7	1.7	1.5	1.5	1.3	down
GDP (% YoY)	1.4			2.0			1.2			1.1				
Eurozone	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
PMI Manufacturing (Index)	51.4	50.5	49.3	47.5	47.9	47.7	47.6	46.5	47.0	45.7	45.9	46.9	46.3	down
PMI Services (Index)	51.2	51.2	52.8	53.3	52.8	52.9	53.6	53.2	53.5	51.6	52.2	51.9	52.8	down
Ifo Business Climate (Index)	101.1	99.6	99.1	100.0	99.5	98.3	97.7	96.0	94.5	94.7	94.7	95.1	96.3	up
Industrial Production (% MoM)	-1.1	1.7	-0.1	-0.2	-0.6	0.8	-1.5	-0.4	0.6	0.0	-0.9	0.2		up
Factory Orders GE (% MoM)	0.7	-2.3	-4.2	1.2	-0.1	-1.4	1.5	-1.3	-0.6	1.0	0.2	-1.3		up
Unemployment Rate (%)	7.8	7.8	7.8	7.7	7.6	7.6	7.5	7.6	7.5	7.6	7.5	7.5		neutral
M3 Growth (% YoY, 3 months MA)	4.2	3.7	4.2	4.6	4.7	4.8	4.5	5.1	5.7	5.6	5.6	5.6	5.0	down
CPI (% YoY)	1.5	1.4	1.5	1.4	1.7	1.2	1.3	1.0	1.0	0.8	0.7	1.0	1.3	up
Core CPI (% YoY)	0.9	1.1	1.0	0.8	1.3	0.8	1.1	0.9	0.9	1.0	1.1	1.3	1.3	up
GDP (% QoQ)	0.3			0.4			0.2			0.3				
Switzerland	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
KOF Leading Indicator (Index)	96.4	97.2	94.6	96.7	97.1	93.9	95.0	96.0	95.5	93.1	94.8	92.6	96.4	down
PMI Manufacturing (Index)	57.5	54.3	55.4	50.3	48.5	48.6	47.7	44.7	47.2	44.6	49.4	48.8	50.2	up
Real Retail Sales (% YoY)	-0.5	-0.2	-0.1	-0.8	-0.6	-0.5	1.0	1.4	-0.5	1.8	0.4	0.0		up
Trade Balance (Billion, CHF)	2.0	3.0	2.9	3.1	2.3	3.2	4.0	3.7	1.7	4.0	3.6	4.0	2.0	up
CPI (% YoY)	0.7	0.6	0.6	0.7	0.7	0.6	0.6	0.3	0.3	0.1	-0.3	-0.1	0.2	down
Japan	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
Nomura Manufacturing PMI (Index)	52.6	50.3	48.9	49.2	50.2	49.8	49.3	49.4	49.3	48.9	48.4	48.9	48.4	down
Machine Orders (% YoY)	0.9	-2.9	-5.5	-0.7	2.5	-3.7	12.5	0.3	-14.5	5.1	-6.1	5.3		up
Industrial Production (% YoY)	-2.0	0.7	-1.1	-4.3	-1.1	-2.1	-3.8	0.7	-4.7	1.3	-7.7	-8.2		down
ECO Watchers Survey (Index)	48.2	44.8	46.7	46.7	47.0	44.3	43.3	41.7	42.6	45.7	36.3	39.2	40.7	down
Jobs to Applicants Ratio (Index)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6		down
Labour Cash Earnings (% YoY)	1.5	-0.6	-0.7	-1.3	-0.3	-0.5	0.4	-1.0	-0.1	0.5	0.0	0.1		up
Department Store Sales (% YoY)	-0.7	-2.9	0.4	0.1	-1.1	-0.8	-0.9	-2.9	2.3	23.1	-17.5	-6.0	-5.0	down
Money Supply M2 (% YoY)	2.4	2.3	2.3	2.4	2.5	2.6	2.3	2.3	2.4	2.4	2.4	2.7	2.7	up
CPI Ex Food & Energy (% YoY)	0.1	0.3	0.3	0.3	0.5	0.3	0.3	0.4	0.4	0.3	0.3	0.5	0.5	up
Exports (% YoY)	-3.9	-8.4	-1.2	-2.4	-2.4	-7.8	-6.6	-1.5	-8.2	-5.2	-9.2	-7.9	-6.3	down
China	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
PMI Manufacturing (Index)	49.4	49.5	49.2	50.5	50.1	49.4	49.4	49.7	49.5	49.8	49.3	50.2	50.2	up
Industrial Production (% YoY)	5.7			8.5	5.4	5.0	6.3	4.8	4.4	5.8	4.7	6.2	6.9	up
Retail Sales (% YoY)	8.2			8.7	7.2	8.6	9.8	7.6	7.5	7.8	7.2	8.0	8.0	up
PPI (% YoY)	0.9	0.1	0.1	0.4	0.9	0.6	0.0	-0.3	-0.8	-1.2	-1.6	-1.4	-0.5	down
Exports (% YoY)	-4.4	9.3	-20.7	14.0	-2.7	1.1	-1.5	3.4	-1.0	-3.2	-0.8	-1.3	7.9	up
CPI (% YoY)	1.9	1.7	1.5	2.3	2.5	2.7	2.7	2.8	2.8	3.0	3.8	4.5	4.5	up
RRR (%)	14.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.0	13.0	13.0	13.0	down
GDP (% YoY)	6.5			6.4			6.2			6.0			6.0	neutral
PMI Non Manufacturing (Index)	49.4	49.5	49.2	50.5	50.1	49.4	49.4	49.7	49.5	49.8	49.3	50.2	50.2	up
Aggregate Financing (Billions, CNY)	1151.5													neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
AiG Manufacturing (Index)	50.0	52.5	54.0	51.0	54.8	52.7	49.4	51.3	53.1	54.7	51.6	48.1	48.3	down
AiG Service (Index)	52.1	45.2	46.7	45.9	47.6	52.3	51.4	44.4	52.3	51.8	55.2	53.7	48.7	up
Westpac Consumer Confidence (% MoM)	0.1	-4.7	4.3	-4.8	1.9	0.6	-0.6	-4.1	3.6	-1.7	-5.5	4.5	-1.9	down
Building Approvals (% YoY)	-21.2	-27.0	-11.5	-23.5	-21.6	-17.4	-24.4	-28.4	-18.6	-16.6	-22.9	-3.8		up
Employment Change ('000, MoM)	20.8	32.6	7.8	23.5	31.5	38.3	4.1	30.3	38.2	12.8	-23.9	38.5	28.9	down

Brazil	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
CPI (% YoY)	3.8	3.8	3.9	4.6	4.9	4.7	3.4	3.2	3.4	2.9	2.5	3.3	4.3	up
Industrial Production (% YoY)	0.0	-3.8	-2.0	2.3	-6.1	-3.7	7.7	-5.8	-2.6	-2.1	1.1	1.1	-1.7	up
Retail Sales (% YoY)	0.0	0.7	1.9	4.0	-4.4	1.8	1.0	0.1	4.3	1.4	2.2	4.3	2.9	up
Trade Balance (Millions, USD)	6428.3	1713.0	3291.7	4545.8	5823.4	5719.0	5089.0	2293.4	3181.9	2246.0	1206.0	3428.0	5599.0	up
Budget Balance Primary (Billions, BRL)	0.0	-68.0	26.0	-45.0	-62.2	-28.0	-47.6	-30.1	-30.3	-63.6	-45.9	-10.9	-53.2	up

Chile	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
IMACEC Economic Activity Index (% YoY)	3.12	1.86	1.05	1.69	1.87	2.16	1.72	3.43	3.57	3.03	-3.42	-3.30		down
CPI (% YoY)	2.60	2.21	2.20	2.48	2.43	2.76	2.70	2.57	2.58	2.24	2.71	2.79	3.00	up
Retail Sales (% YoY)	1.57	0.02	0.05	0.94	-0.72	3.30	-1.20	1.62	1.87	-1.11	-11.91	-9.80		down
Industrial Production (% YoY)	1.60	-0.90	-3.55	-0.80	0.69	-0.17	-2.94	2.63	1.38	-0.20	-3.42	-1.83		down
Unemployment (%)	6.70	6.80	6.70	6.90	6.90	7.10	7.10	7.20	7.20	7.00	7.00	6.90		down

Mexico	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
PMI (Index)	49.2	50.0	53.6	50.5	52.0	49.1	48.5	48.8	47.2	48.0	46.5	46.6	46.8	down
CPI (% YoY)	4.8	4.4	3.9	4.0	4.4	4.3	4.0	3.8	3.2	3.0	3.0	3.0	2.8	down
Retail Sales (% YoY)	-0.5	0.7	2.5	1.6	1.6	2.8	1.0	2.1	2.6	2.4	0.4	2.1		down
Industrial Production (% YoY)	0.1	1.3	1.0	2.4	-0.4	0.8	-1.0	3.4	-0.2	0.8	-1.3	-3.0		down
Remittances (Millions, USD)	2991.2	2455.6	2438.4	2958.0	2937.0	3282.1	3183.5	3258.7	3356.4	3071.9	3125.5	2898.0		down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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