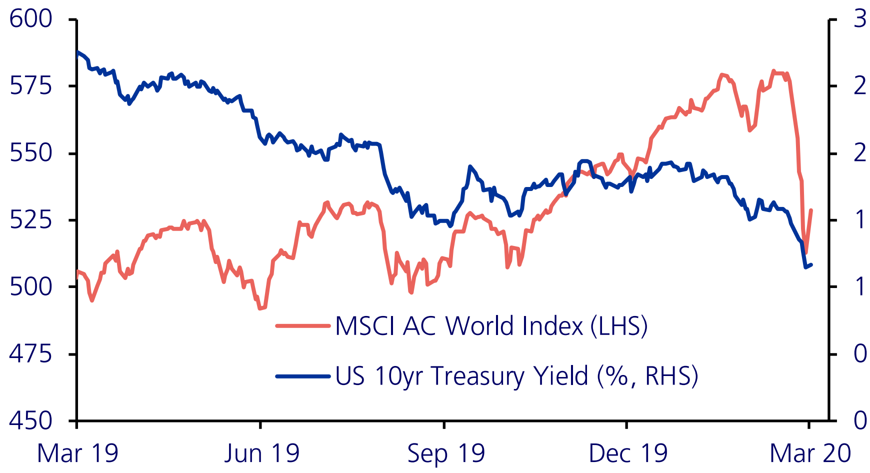
March 3, 2020

ZURICH

Monthly Investment Insights

Policy support to help stabilise markets as equities see dramatic falls



Source: Bloomberg

We had been warning that risk assets were showing signs of complacency and vulnerable to a pullback. Beneath the surface US data was weakening, with, for example, the JOLTS survey showing a sharp decline in job openings. Imbalances were also building, with corporate leverage high and increasing. What's more, US equity valuations were high despite zero earnings growth, and equity market volatility was low. In the Eurozone, growth was already weak and the policy maker toolkit looking somewhat bare, meaning it was exposed if any shock came along.

The coronavirus has now exposed these fragilities. Last month, equity markets saw dramatic falls as panic set in. The S&P 500 toppled from record highs in record time, down 13% over six trading days, the steepest fall in the post-war period. The fall was mirrored globally across other equity markets, and US Treasury yields also tumbled to record lows as safe haven assets were bid higher. Investors are concerned that from an economic point of view the epidemic represents both a demand and supply shock, and that the previous assumption of a quick rebound in activity no longer seems appropriate as the virus continues to spread globally.

An economic policy response is likely and has indeed already started. In China, the PBoC has loosened policy considerably in response to the virus and incentivised provinces to spend more, while Korea, Hong Kong, Singapore and Malaysia have announced fiscal stimulus packages. In a statement on Friday, February 28 US Fed Chair Jay Powell indicated that the Fed was ready to "act as appropriate to support the economy", a hint at rate cuts and possibly other liquidity measures. We expect a first rate cut at the March 18 meeting, if not before. In the Eurozone, ECB President Christine Lagarde also indicated in a statement published on March 2 a willingness to act in response to the coronavirus outbreak. If financial stresses in markets were to become severe, the ECB could provide more liquidity and act as a lender of last resort. More help should eventually come from the fiscal side, with German finance minister Olaf Scholz indicating flexibility with respect to previous fiscal rules.

While policy action will help eventually contain the economic and financial market impact of the virus, risks are high and clear evidence that the rate of infection outside of China is diminishing will probably be needed in order to reassure investors. Looking further ahead, our long-held view that we are very late in the economic cycle and that a US led slowdown is likely has not changed.

Market Assessment

Key developments

- Spreading coronavirus leads to the steepest falls in equity markets since the second world war
- Investors rush to safe havens with US 10yr Treasury yields breaking to record lows
- A policy response from central banks and governments is expected, which should help stabilise risk assets

Zurich's view

Equity markets became extremely oversold at the end of February from a short-term technical perspective.

The announcement of further monetary and fiscal policy support could act as a catalyst for a bounce back in risk assets. In particular, the US Federal Reserve is expected to cut rates at its March 18 meeting, if not before.

However, substantial risks and uncertainties remain as we are in uncharted territory given the speed of global transmission of the virus. In our view, equity markets are unlikely to recover fully until there is firm evidence that the rate of new cases outside of China is diminishing.

Credit markets have been relatively resilient amid the equity sell off, supported by strong technicals from fund inflows, central bank support and low government bond yields. However, if the equity market correction continues for much longer, we would expect credit markets to react more aggressively to the downside. Equally, if risk assets recover, equities, which have sold off more, are likely to outperform on the upside relative to credit, again making credit less preferred relative to equity from our perspective.

	Key developments	Zurich's view
Global	• Fears around the coronavirus intensify, with bonds yields falling to record lows as parts of the global economy come to a standstill • Disruptions to activity spread beyond China, with knock-on effects on global supply chains and business sentiment • Further rate cuts and liquidity injections are forthcoming, but more is likely to be needed to contain the fallout on economies and markets	Fears around the coronavirus have intensified as the infection has spread outside of China. Although it is too early to gauge the eventual impact, it is clear that it will disrupt the nascent recovery in the global manufacturing sector and weigh heavily on services activity. The flash PMIs for the G3 economies along with leading Asian trade data give an indication of the initial impact, with a slump in services activity in Japan, a sharp rise in suppliers delivery time in Europe, and renewed contraction in export and import volumes in Asia. As we had expected, policy support is forthcoming, with further rate cuts and liquidity support in some regions. This will bolster the impact, but uncertainty is pervasive, and the economy is in a vulnerable position.
US	• Having posted new records, stocks plunge on COVID-19 fears • Markit's Flash Composite PMI signals a contraction of private sector output • An increasing number of employment data are pointing to a slowdown in the labour market	The S&P 500 struck a new high in February, before registering the fastest correction on record. While manufacturing shows signs of stabilising with the ISM Manufacturing index back above 50, Markit's Composite PMI dipped to 49.6 in February, indicating an overall contraction. In addition, there are increasing signs that employment is deteriorating with potentially negative effects on consumer spending. Job openings fell for two months in a row to the lowest in two years and many business surveys reveal weakening employment. While consumer sentiment remains high, a slowdown in Q4's consumption expenditures as well as modest retail sales in January point to headwinds for household spending. Consequently, and considering the COVID-19 impact, pressure is rightly mounting on the Fed to cut rates at, or even before, the March 18 FOMC meeting.
UK	• GDP growth comes to a halt in the final quarter of 2019 as business investment falls further • Manufacturing activity and retail sales rebound • Sajid Javid resigns as Chancellor, though rising hopes for more fiscal stimulus may be premature	GDP stagnated in the final quarter of 2019 as the quarterly growth rate dropped to 0.0% from 0.5% in Q3. While private consumption almost came to a halt, growing only 0.1% QoQ, a drop in business investment was the major drag on economic growth, falling by 1.6%, the weakest quarter since 2013. However, retail sales rebounded strongly in January, showing the biggest monthly increase in almost two years, fuelled by a boost in real income and better consumer sentiment. The positive effect is likely to fade, however, as wage growth has ticked down while inflation accelerates. Business sentiment held up reasonably well in February with rising manufacturing activity compensating for a slight slowdown in the service sector, leaving Markit's Composite PMI at 53.3.
Eurozone	• Equities crash and periphery spreads widen as the coronavirus spreads to the Eurozone • The region entered 2020 with growth weak and exposed to further shocks • The ECB indicates a willingness to act and gradual fiscal policy easing is also likely	With the coronavirus spreading to Europe, investors have reacted negatively causing equities to collapse and periphery spreads to widen. With many types of economic activity being curtailed because of the spread of the virus, there is a strong chance that the economy will contract over one or two quarters, especially as the Eurozone entered 2020 with only weak economic momentum. Growth was just 0.1% QoQ (0.9% YoY) in 2019 Q4. The surveys and hard data have yet to fully reflect the virus's impact, but weak data over the next few weeks and months should be expected. A policy response on the fiscal side is likely but it will take time to feel the positive effects, while the ECB could provide more liquidity support.
Switzerland	• The manufacturing sector is in contraction and a further deterioration is likely, given currency strength and disruptions from the coronavirus • Inflation is weak and likely to fall back below zero, as the strong franc and lower oil prices feed through to consumer prices • The Swiss franc approaches a five-year high against the euro as safe haven flows intensify	Prospects for the industrial sector are downbeat, with the strong franc and the coronavirus adding to existing woes. The Manufacturing PMI fell back in January and remains consistent with contraction. Hiring intentions improved though, indicating that businesses are maintaining a positive outlook, and the broader KOF leading indicator also edged higher, partly due to stronger dynamics in tourism and finance. These data do not capture the impact of the coronavirus, however, and macro data should deteriorate going forward. Tourism is vulnerable, as Chinese visitors account for a significant share of overnight stays in Switzerland, but the impact will be felt more broadly, given the openness of the economy and significant trade links with China and other Asian economies.

	Key developments	Zurich's view
Japan	• Japan's growth in Q4 plunges on the back of the VAT tax hike • Sharp declines in PMIs reveal the initial impact of the COVID-19 associated disruptions • Japanese equities stumble as the pandemic spreads outside of China	The preliminary estimate of Q4 GDP shows a sharp decline driven by weakness in business investment and private consumption. The 2019 VAT tax hike coupled with the negative impact of typhoons took a heavy toll on the economy in the last quarter. While we expect the adverse effects of the tax hike to recede and consumption to rebound eventually, the recovery process will be delayed as pandemic associated risks increase. Japan's PMIs showed strong signs of fatigue. Notably, the Services PMI dropped to 46.7 from 51, crossing into contractionary territory. As the number of new COVID-19 cases outside of China climbed quickly, investor confidence deteriorated, affecting Japanese equities negatively.
China	• Economic activity slows significantly given extended business and production shutdowns • More stimulus comes through, such as reducing lending costs for businesses, amid the COVID-19 outbreak • Chinese equities experience a steep fall	Given that the number of new COVID-19 cases is trending down in China and authorities having eased quarantines to get people back to work, certain high frequency data are showing a marginal pickup. However, activity is still slow with passenger traffic down by around 80% compared to the same period last year. Also, consumers are postponing spending to avoid person-to-person contact. China's PMIs hit rock bottom in February, revealing how severely the pandemic has affected the economy. The People's Bank of China stepped up its stimulus by cutting the 7-day and 14- day reserve repo rates (RRRs) together with the medium-term lending facility (MLF). After a solid run, Chinese equities dropped sharply as risk appetite deteriorated.
Australia	• The unemployment rate edges up while wage growth is subdued • The RBA keeps rates unchanged, citing the potential financial risks of low interest rates • Australian stocks plummet	After trending down to 5.1% in December 2019, the unemployment rate picked up once again, back to 5.3%, driven by weaker employment growth and a higher participation rate. Q4 wage price growth was flat at 0.5% QoQ. Business and consumer confidence continue to be lacklustre, factoring in rising concerns over the COVID-19 epidemic. As China is Australia's largest trading partner, a significant slowdown in Chinese economic activity is likely to hit Australian commodity exports strongly. The RBA decided to maintain its policy rate at 0.75% in February, mentioning the potential financial risks of low interest rates. Australian stocks stumbled as pessimism over the coronavirus situation prevails.
ASEAN	• Q4 GDP readings for Thailand and Malaysia are weak • Regional central banks deliver a number of policy rate cuts • ASEAN equities are in the doldrums	Q4 GDP for Thailand and Malaysia were disappointing, closing out 2019 with growth lower than consensus had forecast. Malaysia registered 4.3% in GDP output while Thailand's growth slowed to 2.4%. As ASEAN is highly exposed to China, particularly in tourism and trade, we envisage the COVID-19 epidemic to heavily affect the region. Thailand reported a slump of 43.4% YoY in the number of tourists in the first nine days of February with Chinese tourist arrivals falling by 86.6%. However, this figure might be partly distorted due to the Chinese New Year rather than solely driven by the outbreak disruptions. Several policy rate cuts were delivered in Thailand, the Philippines, Malaysia and Indonesia. ASEAN equities remain in the doldrums amid a risk-off mood among investors.

Valuation snapshot (MSCI Indices)

Current trailing valuations

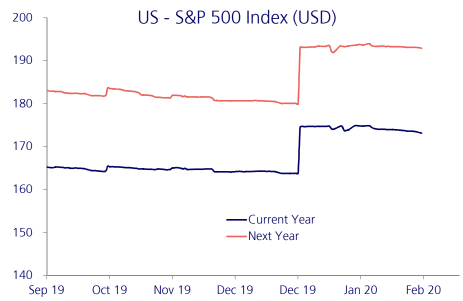
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	23.09	18.42	13.70	22.46	14.41	15.82	14.22	15.24	16.21
12m Trailing P/B	3.66	1.91	1.68	3.05	1.32	1.67	1.74	2.25	2.03
12m Trailing P/CF	15.24	10.45	9.08	14.12	8.38	9.64	9.19	8.02	10.72
Dividend Yield	1.85	3.13	4.60	2.82	2.33	2.72	1.98	3.16	3.13
ROE	15.85	10.35	12.28	13.58	9.17	10.54	12.20	14.79	12.51

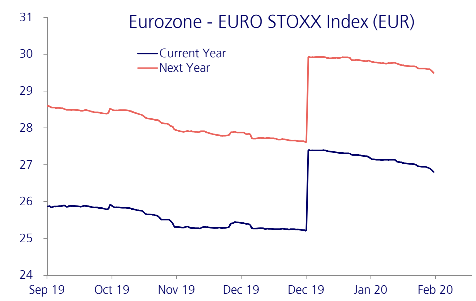
Current trailing valuations relative to MSCI world

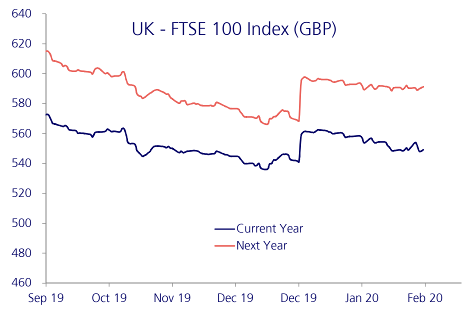
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.21	0.96	0.72	1.17	0.75	0.83	0.74	0.80	0.85
12m Trailing P/B	1.52	0.79	0.70	1.27	0.55	0.69	0.72	0.94	0.84
12m Trailing P/CF	1.26	0.87	0.75	1.17	0.69	0.80	0.76	0.66	0.89
Dividend Yield	0.77	1.31	1.93	1.18	0.98	1.14	0.83	1.32	1.31
ROE	1.26	0.82	0.98	1.08	0.73	0.84	0.97	1.18	0.99

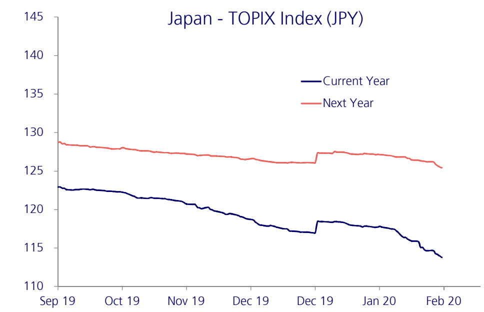
Source: Datastream

Earnings estimates - Full fiscal years



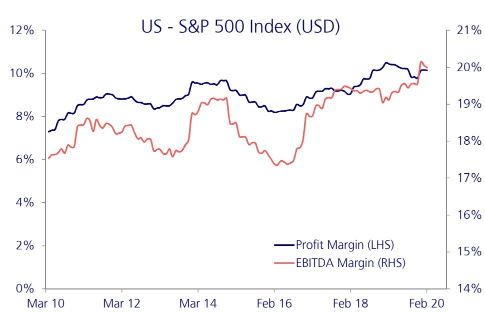


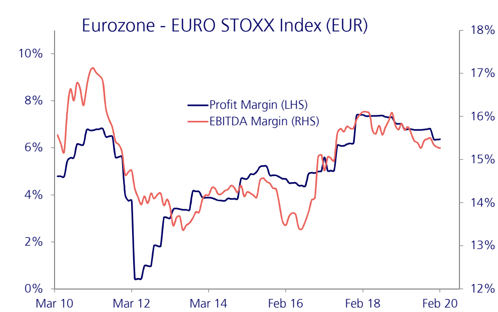


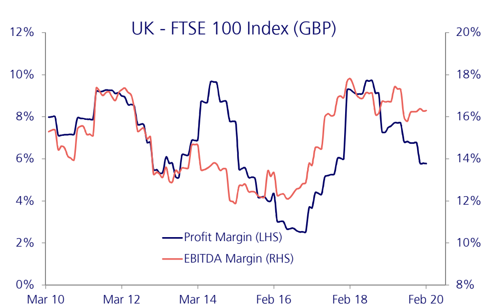


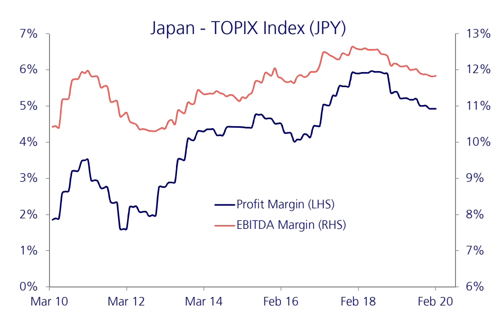
Source: Bloomberg

Historical margins





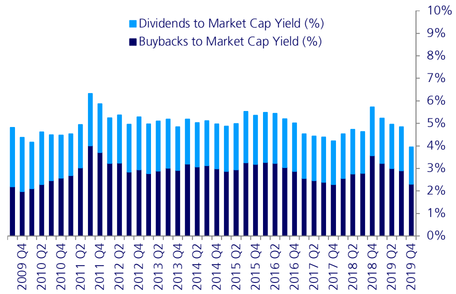




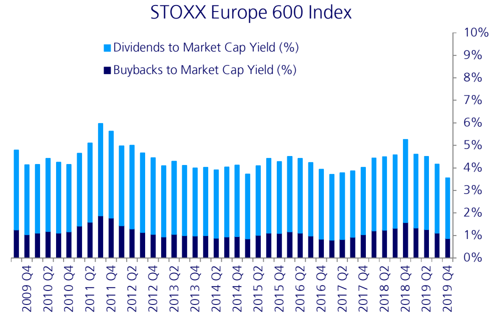
Source: Bloomberg

Dividends and shares buybacks

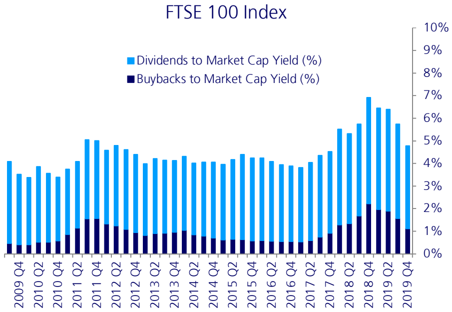
S&P 500 Index



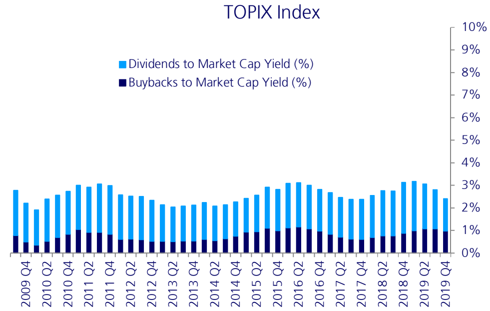
STOXX Europe 600 Index



FTSE 100 Index



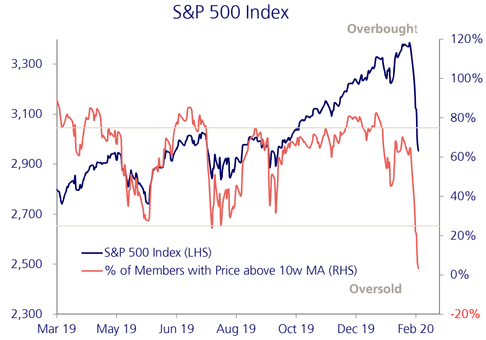
TOPIX Index



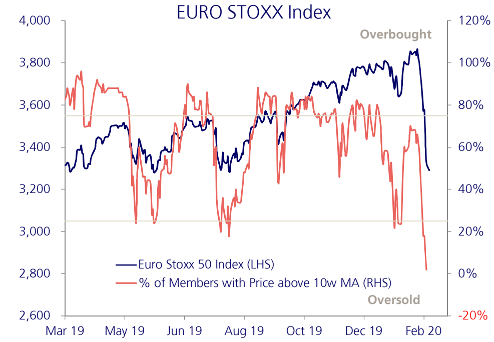
Source: Bloomberg

Overbought / Oversold

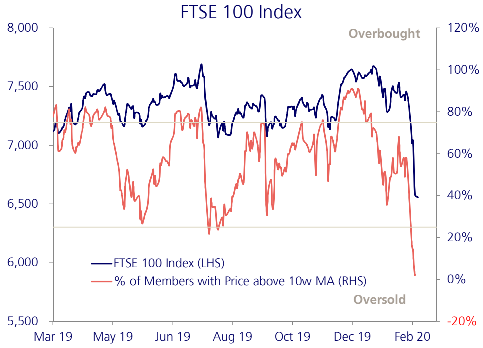
S&P 500 Index



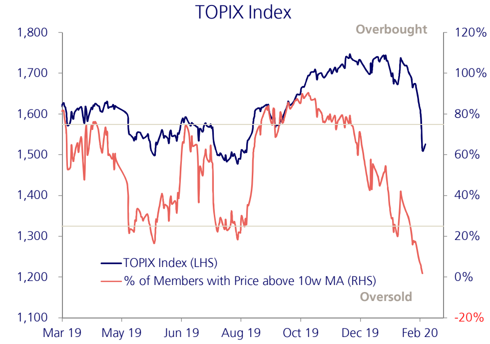
EURO STOXX Index



FTSE 100 Index



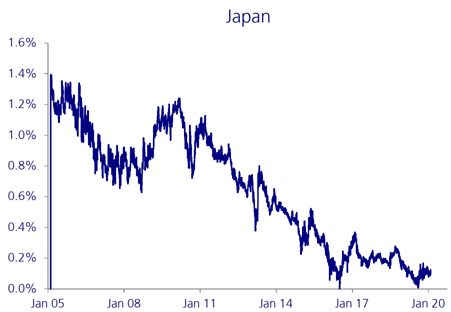
TOPIX Index



Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Mar-20	1m ago	3m ago	1yr ago
UK	-66	-98	-105	-146
Germany	-172	-194	-206	-257
Switzerland	-193	-224	-235	-298
Japan	-118	-157	-174	-276
Australia	-26	-55	-52	-60
China	168	150	148	45
South Korea	31	6	2	-77
Malaysia	173	163	172	115
Indonesia	591	517	545	510
Thailand	-3		-12	-24
Philippines	299	n/a	n/a	n/a
Brazil	561	520	514	n/a
Mexico	583	512	545	540
Colombia	473	444	478	415
Peru	284	246	253	274

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Mar-20	1m ago	3m ago	1yr ago
France	33	26	31	40
Netherlands	13	10	14	10
Belgium	40	25	29	52
Austria	24	18	23	35
Ireland	46	29	34	n/a
Italy	184	137	163	255
Spain	94	67	76	101
Portugal	101	70	71	131

Source: Bloomberg, ZIG

Economic data

US	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
ISM Manufacturing (Index)	54.1	54.6	53.4	52.3	51.6	51.3	48.8	48.2	48.5	48.1	47.8	50.9		up
ISM Non-Manufacturing (Index)	58.5	56.3	55.7	56.3	55.4	54.8	56.0	53.5	54.4	53.9	54.9	55.5		up
Durable Goods (% MoM)	-2.6	1.7	-2.8	-2.3	1.8	2.1	0.2	-1.5	0.2	-3.1	2.9	-0.2		up
Consumer Confidence (Index)	131.4	124.2	129.2	131.3	124.3	135.8	134.2	126.3	126.1	126.8	128.2	130.4	130.7	up
Retail Sales (% MoM)	1.9	3.8	3.8	3.0	3.3	3.5	4.4	4.0	3.1	3.3	5.5	4.4		up
Unemployment Rate (%)	3.8	3.8	3.6	3.6	3.7	3.7	3.7	3.5	3.6	3.5	3.5	3.6		down
Avg Hourly Earnings YoY (% YoY)	3.5	3.5	3.5	3.6	3.5	3.7	3.7	3.7	3.8	3.5	3.2	3.3		down
Change in Payrolls ('000, MoM)	1.0	147.0	210.0	85.0	182.0	194.0	207.0	208.0	185.0	261.0	147.0	225.0		up
PCE (% YoY)	1.6	1.5	1.6	1.5	1.6	1.6	1.8	1.7	1.6	1.5	1.5	1.6		down
GDP (%, QoQ, Annualized)		3.1			2.0			2.1			2.1			

UK	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
PMI Services (Index)	51.3	48.9	50.4	51.0	50.2	51.4	50.6	49.5	50.0	49.3	50.0	53.9	53.3	up
Consumer Confidence (Index)	-13.0	-13.0	-13.0	-10.0	-13.0	-11.0	-14.0	-12.0	-14.0	-14.0	-11.0	-9.0	-7.0	up
Unemployment Rate (%)	3.9	3.8	3.8	3.8	3.9	3.8	3.9	3.8	3.8	3.8	3.8			down
CPI (% YoY)	1.9	1.9	2.1	2.0	2.0	2.1	1.7	1.7	1.5	1.5	1.3	1.8		down
GDP (% YoY)		2.0			1.3			1.2			1.1			

Eurozone	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
PMI Manufacturing (Index)	49.3	47.5	47.9	47.7	47.6	46.5	47.0	45.7	45.9	46.9	46.3	47.9	49.2	up
PMI Services (Index)	52.8	53.3	52.8	52.9	53.6	53.2	53.5	51.6	52.2	51.9	52.8	52.5	52.8	up
IFO Business Climate (Index)	98.8	100.0	99.5	98.3	97.7	96.1	94.5	94.8	94.7	95.1	96.3	96.0	96.1	up
Industrial Production (% MoM)	-0.1	-0.3	-0.5	0.7	-1.5	-0.3	0.4	0.0	-0.9	0.0	-2.1			down
Factory Orders GE (% MoM)	-4.2	1.1	-0.1	-1.4	1.5	-1.3	-0.6	1.0	0.2	-0.8	-2.1			down
Unemployment Rate (%)	7.8	7.7	7.6	7.6	7.5	7.6	7.5	7.5	7.5	7.5	7.4			down
M3 Growth (% YoY, 3 months MA)	4.3	4.7	4.8	4.8	4.6	5.2	5.8	5.7	5.7	5.6	4.9	5.2		down
CPI (% YoY)	1.5	1.4	1.7	1.2	1.3	1.0	1.0	0.8	0.7	1.0	1.3	1.4		up
Core CPI (% YoY)	1.0	0.8	1.3	0.8	1.1	0.9	0.9	1.0	1.1	1.3	1.3	1.1		up
GDP (% QoQ)		0.4			0.2			0.3			0.1			

Switzerland	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
KOF Leading Indicator (Index)	94.6	96.6	97.2	93.9	94.9	95.9	95.5	93.1	94.8	92.7	96.2	100.1	100.9	up
PMI Manufacturing (Index)	54.3	50.7	49.1	49.0	48.6	45.2	47.4	44.9	48.9	48.5	48.8	47.8	49.5	up
Real Retail Sales (% YoY)	-0.1	-0.8	-0.6	-0.5	1.0	1.4	-0.5	1.7	0.2	1.2	0.8	-0.1		up
Trade Balance (Billion, CHF)	2.9	3.1	2.3	3.2	4.0	3.7	1.7	4.0	3.5	3.9	2.0	4.8		up
CPI (% YoY)	0.6	0.7	0.7	0.6	0.6	0.3	0.3	0.1	-0.3	-0.1	0.2	0.2		up

Japan	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
Nomura Manufacturing PMI (Index)	48.9	49.2	50.2	49.8	49.3	49.4	49.3	48.9	48.4	48.9	48.4	48.8	47.8	down
Machine Orders (% YoY)	-5.5	-0.7	2.5	-3.7	12.5	0.3	-14.5	5.1	-6.1	5.3	-3.5			up
Industrial Production (% YoY)	-1.1	-4.3	-1.1	-2.1	-3.8	0.7	-4.7	1.3	-7.7	-8.2	-3.1	-2.5		down
ECO Watchers Survey (Index)	46.7	46.7	47.0	44.3	43.3	41.7	42.6	45.7	36.3	39.2	40.7	40.6		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	1.5		down
Labour Cash Earnings (% YoY)	-0.7	-1.3	-0.3	-0.5	0.4	-1.0	-0.1	0.5	0.0	0.1	-0.2			down
Department Store Sales (% YoY)	0.4	0.1	-1.1	-0.8	-0.9	-2.9	2.3	23.1	-17.5	-6.0	-5.0	-3.1		down
Money Supply M2 (% YoY)	2.3	2.4	2.5	2.6	2.3	2.3	2.4	2.4	2.4	2.7	2.7	2.8		up
CPI Ex Food & Energy (% YoY)	0.3	0.3	0.5	0.3	0.3	0.4	0.4	0.3	0.3	0.5	0.5	0.4		up
Exports (% YoY)	-1.2	-2.4	-2.4	-7.8	-6.6	-1.5	-8.2	-5.2	-9.2	-7.9	-6.3	-2.6		up

China	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
PMI Manufacturing (Index)	49.2	50.5	50.1	49.4	49.4	49.7	49.5	49.8	49.3	50.2	50.2	50.0	35.7	down
Industrial Production (% YoY)		8.5	5.4	5.0	6.3	4.8	4.4	5.8	4.7	6.2	6.9			down
Retail Sales (% YoY)		8.7	7.2	8.6	9.8	7.6	7.5	7.8	7.2	8.0	8.0			down
PPI (% YoY)	0.1	0.4	0.9	0.6	0.0	-0.3	-0.8	-1.2	-1.6	-1.4	-0.5	0.1		up
Exports (% YoY)	-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)	1.5	2.3	2.5	2.7	2.7	2.8	2.8	3.0	3.8	4.5	4.5	5.4		up
RRR (%)	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.0	13.0	13.0	13.0	12.5	12.5	down
GDP (% YoY)		6.4			6.2			6.0			6.0			neutral
PMI Non Manufacturing (Index)	49.2	50.5	50.1	49.4	49.4	49.7	49.5	49.8	49.3	50.2	50.2	50.0	35.7	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
AiG Manufacturing (Index)	54.0	51.0	54.8	52.7	49.4	51.3	53.1	54.7	51.6	48.1	48.3	45.4	44.3	down
AiG Service (Index)	46.7	45.9	47.6	52.3	51.4	44.4	52.3	51.8	55.2	53.7	48.7	47.4		down
Westpac Consumer Confidence (% MoM)	4.3	-4.8	1.9	0.6	-0.6	-4.1	3.6	-1.7	-5.5	4.5	-1.9	-1.8	2.3	up
Building Approvals (% YoY)	-13.6	-23.5	-21.6	-17.5	-24.4	-28.3	-18.7	-16.5	-22.2	-2.8	2.7			up
Employment Change ('000, MoM)	11.2	21.9	34.0	38.2	3.4	31.1	38.0	12.8	-22.4	37.1	28.7	13.5		up

Brazil	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
CPI (% YoY)	3.9	4.6	4.9	4.7	3.4	3.2	3.4	2.9	2.5	3.3	4.3	4.2		up
Industrial Production (% YoY)	-2.0	2.3	-6.1	-3.6	7.7	-5.8	-2.5	-2.1	1.1	1.2	-1.8	-1.2		up
Retail Sales (% YoY)	1.9	4.0	-4.4	1.8	1.0	0.1	4.3	1.4	2.2	4.3	3.1	2.6		up
Trade Balance (Millions, USD)	3115.6	4295.7	5653.1	5624.4	5377.4	2391.4	4099.6	3803.2	2549.6	3564.6	5946.9	-1735.1		down
Budget Balance Primary (Billions, BRL)	-45.0	-62.2	-28.0	-47.6	-30.1	-30.3	-63.6	-45.9	-10.9	-53.2	-38.4	19.1		up

Chile	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
IMACEC Economic Activity Index (% YoY)	1.05	1.69	1.87	2.16	1.72	3.43	3.57	3.03	-3.42	-3.31	1.13	1.54		down
CPI (% YoY)	2.20	2.48	2.43	2.76	2.70	2.57	2.58	2.24	2.71	2.79	3.00	3.46		up
Retail Sales (% YoY)	1.19	-0.38	3.62	-0.87	1.94	2.27	-0.75	-12.00	-9.21	-2.57	0.13			up
Industrial Production (% YoY)	-3.55	-0.80	0.69	-0.17	-2.94	2.63	1.38	-0.20	-3.42	-1.83	3.16	1.80		up
Unemployment (%)	6.70	6.90	6.90	7.10	7.10	7.20	7.20	7.00	7.00	6.90	7.00	7.40		up

Mexico	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
PMI (Index)	53.7	50.5	52.0	49.1	48.5	48.8	47.2	48.0	46.5	46.7	47.0	48.2		up
CPI (% YoY)	3.9	4.0	4.4	4.3	4.0	3.8	3.2	3.0	3.0	3.0	2.8	3.2		down
Retail Sales (% YoY)	2.5	1.6	1.6	2.8	1.0	2.1	2.6	2.4	0.4	2.1	3.2			down
Indutrial Production (% YoY)	1.0	2.4	-0.4	0.8	-1.0	3.4	-0.2	0.8	-1.3	-3.2	-0.5			down
Remittances (Millions, USD)	2438.4	2958.0	2937.0	3282.1	3183.5	3258.7	3356.4	3071.9	3125.5	2898.0	3083.5			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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