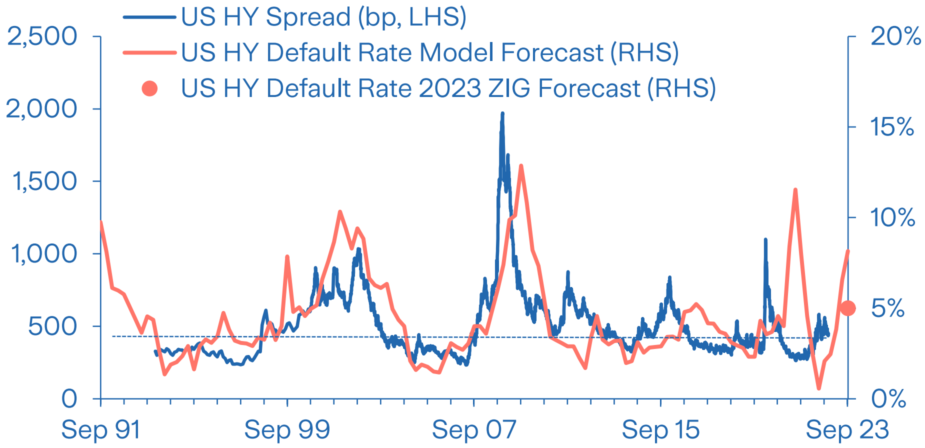
ZURICH

Monthly Investment Insights

1 December 2022

High Yield in a lull before the storm



Source: ZIG, Bloomberg. Notes: Default rate forecast is estimated using a model that uses Fed's Lending Standards; Spreads used are Option Adjusted Spreads to US Treasury yields; Spread data is monthly prior to August 15, 2000

Both credit and bond markets are popularly perceived as canaries in a coalmine for predicting economic downturns. Bond markets seem to be living up to this reputation, with the largest US Treasury yield curve inversion since the 1980s being in alignment with our own expectations that a recession is imminent in the US. Credit, on the other hand, does not appear to be flashing any warnings with spreads remaining relatively sanguine, especially in Global High Yield and US Investment Grade. We expect this to change, though.

The primary risk for credit investors is defaults and downgrades, not higher interest rate volatility, although the latter has roiled performance in 2022 as investors dumped the most interest rate sensitive fixed income securities. This led to persistent outflows as central banks went on hiking rates to tackle the highest inflation many economies have seen in the last four decades. As a result, expectations that central banks will pause or even pivot are indeed a good reason for investors to cheer and explains the recent rally. That said, while interest rate risks seem largely priced into High Yield, growth risks are seemingly not.

High Yield market pricing should be a barometer of where investors expect defaults to land, with an additional premium provided for liquidity risks and uncertainty. However, the Bloomberg Barclays US Corporate High Yield Index's current spread of around 450bps to US Treasuries seems woefully short of where we expect spreads to price in expected defaults over the coming years. It seems that part of what is making investors sanguine are higher all-in yields of nearly 9%, which are driven by Treasury yields and not spreads, as well as the abnormally low current default rate, which, however, seems set to pick up. While we forecast that the US High Yield default rate will pick up to 5% next year, US Lending Standards, which have historically been an excellent default rate predictor, are foreboding an 8% default rate over the next twelve months. Moreover, according to the Fed's Senior Loan Officer Survey, lending standards for large and mid-market firms are expected to rise further in a recession. Historically, spreads consistent with peak default rates between 5% and 8% have traded in the 800-1000bps range, not at 450bps. Furthermore, risks to our 5% default rate forecast are skewed towards higher, not lower default rates. We estimate that around a third of US High Yield companies were barely able to cover interest payments in Q3 2022. This is even before the lagged effect of higher funding costs and the expected earnings contraction in 2023 hit corporate balance sheets. Furthermore, default risks are also elevated due to the High Yield primary bond market being largely shut and banks likely to balk at providing leveraged loan financing, in line with tighter lending standards.

In conclusion, we don't believe the recent rally is a turn in the High Yield credit market cycle as it defies the normal pricing to be expected ahead of a recession. The recent rally could continue for some time driven by momentum, but we remain unconvinced that it will last long.

Market Assessment

Key developments

- Leading indicators increasingly point towards an imminent recession in the US, while Europe is likely already in one
- Inflation continues to moderate, sparking investors' hope of a pivot in monetary policy
- Bonds, credit and stocks rally as the US Treasury yield curve inverts the most since the 1980s

Zurich's view

Investors have latched on to expectations of a pivot in monetary policy, which has spurred a rally in bonds, credit and stocks during recent weeks. The moderation in US inflation prints last month provided a further fillip to the rally, with the MSCI World Stock Index now up around 15% from the mid-October low.

While inflation is expected to moderate and a pivot in monetary policy is likely at some point, investors could be getting ahead of themselves with the recent rally. A recession in the US and Europe is likely and uncertainties around the length and depth of the recession remain. At the same time several markets, including but not limited to US Investment Grade credit, Global High Yield and European stocks, are not yet fully priced to cushion investors from the downside seen in a recession in our view. Bonds seem less vulnerable to a recession than stocks, especially as inflation is also expected to moderate, while European Investment Grade credit is already pricing in a recession.

We consider the recent risk rally to be a challenge to the long-term downtrack, but a sustainable turn is likely only sometime in Q1 2023 when the outlook for an exit from the recession is less murky.

	Key developments	Zurich's view
Global	• Global growth stabilises, though new orders remain weak and services deteriorate • Inflation is elevated, but price pressures in global supply chains and commodity prices ease further • Central banks remain hawkish with more tightening to come, though broader financial conditions ease	The Flash PMIs indicate somewhat better global growth dynamics in November, mainly reflecting manufacturing. Financial conditions have improved, with declining bond yields following the gilt led sell-off in October. The energy situation in Europe has also been better than expected, partly reflecting mild weather. These factors are likely to have led to some resilience, but forward-looking new orders remain downbeat and, while having been more robust so far, services activity is weakening. Price pressures in global supply chains have eased further, and CPI inflation has edged lower in some regions, most notably in the US. While this is encouraging and suggests that inflation is in a peaking process, central banks continue to hike aggressively, with further hikes expected before year end.
US	• Leading indicators show that the economic slowdown is broadening • Headline inflation slows markedly from 8.2% to 7.7% YoY while Core CPI falls from 6.6% to 6.3% • The S&P 500 rises more than 15% from the low reached in October	The economy is showing further signs of slowing with the ISM Manufacturing Index falling to 50.2 while new orders remain in contractionary territory. Services are holding up slightly better, but still weakened to a post-pandemic low with the employment component falling to 49.1. Crucially, and in line with our view, inflation rates fell more than consensus expected in October. Headline inflation slowed from 8.2% YoY to 7.7% while Core CPI receded from 6.6% YoY to 6.3%. While this will not stop the Fed from tightening its policy further in the near term, it is very likely to reduce the pace of rate hikes at its next meeting in December. Stock markets reacted positively to the fall in inflation rates with the S&P 500 rising more than 15% from its low in October, though potential headwinds persist.
UK	• The growth slowdown is broadening but has not accelerated • Inflation remains very elevated, forcing the BoE to tighten its policy further • The Chancellor's Autumn Statement announces substantial fiscal tightening in the years ahead	Most economic data were holding up slightly better than consensus expected but are still pointing at a broadening slowdown in activity. The Composite PMI remained basically unchanged at 48.3 in November while consumer sentiment recovered slightly from very low levels. Meanwhile, inflation remains stubbornly high with headline CPI picking up from 10.1% YoY in September to 11.1% YoY in October. This will keep up the pressure on the BoE to further tighten its policy despite predicting an extended recession, but the MPC is pushing back against market expectations regarding the scale of future rate increases. The Chancellor's Autumn Statement did not deliver any major surprises but lifting the energy price cap in spring next year will affect inflation rates and household spending.
Eurozone	• Eurozone business surveys improve, but it is too soon to say the worst is over for the economy • The weather remains unusually mild, allowing gas reserves to stay higher than normal for this time of year • Eurozone equities rebound, while periphery government bond spreads also narrow	The Flash Composite Eurozone PMI, EC Economic Sentiment Indicator and the German ifo Business Climate Index all picked up in November relative to October. Unfortunately, we think it is too early to sound the "all clear" on the energy crisis in Europe. The weather has been unusually mild for this time of year, delaying the need to draw down natural gas reserves, allowing natural gas prices to fall back and diminishing the chances of gas rationing. We are still early in the winter season, however, and a cold snap could easily bring gas rationing fears back. Meanwhile, the new right-wing coalition government in Italy has presented its 2023 budget. This was less radical than some commentators had expected, allowing Italian government bond yield spreads versus German bunds to narrow.
Switzerland	• The economy continues to expand, aided by strong domestic demand • CPI inflation falls further, helped by falling import prices and benign domestic price pressures • Further rate hikes are expected from the SNB, along with FX interventions to strengthen the franc	The mix between inflation and growth remains favourable, especially when compared with the neighbouring Eurozone economies. At close to 55, the Manufacturing PMI is still consistent with brisk growth in the sector. Employment plans are solid while price pressures are easing, with both producer and import price inflation edging lower. CPI inflation has fallen, down from its peak of 3.5% in August to 3% currently, while core CPI is back below 2%. While consumer confidence is downbeat and trade data has weakened, the strong labour market and falling inflation should provide an offset. We expect the SNB to continue to intervene in FX markets to strengthen the franc, with further rate hikes ahead.

	Key developments	Zurich's view
Japan	• Consumer confidence remains weak amid high inflation and a new Covid wave • Industrial production is slowing following its summer surge • Japanese equities gain steam while yen depreciation takes a breather	With the economy re-opening after the seventh Covid wave, travel discounts financed by public subsidies lifted services consumption. However, the approaching eighth Covid wave as well as high inflation are supressing consumer confidence. Tokyo's CPI inflation surged to a 40-year high of 3.8%, but we expect inflation to peak in Q1 next year. Inbound tourism is helping to boost economic activity, following the end of Covid-related travel restrictions for foreigners. Following its 'V'-shaped surge in August, industrial production fell for the second month in a row in October, and corporate production plans anticipate another two months of contraction. While the yen has appreciated from its 32-year high of 152 to 137 against the US dollar, the MSCI Japan gained 12% in October and November.
China	• China's economy remains vulnerable • Authorities are targeting the property market downturn and the increase in Covid infections • The MSCI China is recovering from a 20-year low relative to the MSCI World Index	China's economic trend continues to deteriorate as the latest PMIs for November and economic indicators for October confirm. Infrastructure investment is the only significant growth pillar, while property market indicators remain downbeat. New Covid cases have surged to a record high, and lockdowns across major cities have increased again. Public unrest was followed by heightened security and police controls. Authorities have finally put a bigger emphasis on increasing the booster vaccination rate among the elderly, which we think is crucial. A 20-point plan to tackle Covid and a 16-point plan to improve the situation in the property sector shows that the government is acting. Chinese equities have surged from oversold levels on re-opening hopes.
Australia	• The Reserve Bank of Australia increases its cash rate by 25 bps to 2.85% in November • The Australian unemployment rate has fallen to 3.4% as the labour market remains strong • Retail sales and consumer confidence weakened further in October	The Australian economy continues to show signs of slowing, with the Westpac Consumer Confidence Index declining further to a level near pandemic lows. Australian retail sales also fell by 0.2% MoM in October, surprising consensus to the downside. It seems that the RBA's rate hikes have started to impact not only consumer sentiment but also actual spending. Meanwhile, the latest employment data still show a tight labour market, with the unemployment rate falling to 3.4% in October. Also, wage prices have increased by 3.1% YoY, slightly higher than consensus expectations. The RBA continued to hike its policy rate by 25bps in November to 2.85%. We expect the RBA will continue raising its cash rate well into 2023.
ASEAN	• Anwar Ibrahim is sworn in as Malaysia's tenth Prime Minister • Indonesia announces a minimum wage hike capped at 10% • Bank Indonesia (BI) raises its policy rate by 50bps in November	Anwar Ibrahim has become Malaysia's tenth Prime Minister amid a divided election result. Malaysian stock markets reacted positively, with the MSCI Malaysia rallying by more than 4% on the announcement. Investors will likely focus on three upcoming events, including a new cabinet line-up, the vote of confidence in December, and the proposal for the 2023 fiscal budget. On a separate note, the Indonesian government has announced an increase in the minimum wage by a maximum of 10% in 2023. Meanwhile, BI also hiked its policy rate by 50bps for the third consecutive time. We expect BI to hike rates by another 25bps in December as the central bank continues to emphasise its policy rate hikes as 'front loaded' to tackle inflation and stabilise the Rupiah.
Brazil	• Fiscal uncertainty increases in Brazil, depressing financial markets • Uncertainty over Lula's economic agenda remains high, but we expect it will likely moderate to create a government coalition with the centre • The central bank will likely start the easing cycle in H2 2023, but fiscal policy negotiations will play a key role in the decision	The government-elect delivered a constitutional amendment proposal to Congress that allowed for the exemption of the social cash transfer program from the spending cap, deteriorating the fiscal outlook and negatively affecting markets. The local equity market fell ~3.5% in November, one of the worst performances globally. Meanwhile, the currency depreciated ~2%, the local yield curve selling off more than 100bps on average, and the swap curve is now pricing in additional monetary tightening for next year, instead of the 225bps of cuts that had been implicit at the beginning of last month. The bill will likely not be approved as proposed, considering it requires 60% of the votes in both Houses. Nevertheless, volatility in the financial market will likely remain until we receive more clarity on the fiscal path.

Appendix 1

Valuation snapshot (MSCI Indices)

Current trailing valuations

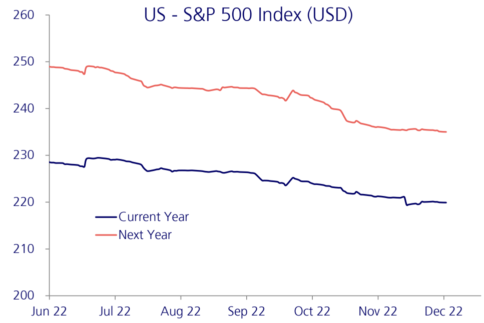
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	19.67	14.43	10.85	16.32	14.41	12.61	11.32	6.00	13.66
12m Trailing P/B	3.89	1.80	1.60	3.04	1.28	1.45	1.10	1.60	1.95
12m Trailing P/CF	15.47	7.97	7.90	11.08	9.69	8.57	7.41	5.19	7.27
Dividend Yield	1.65	3.23	3.98	3.00	2.57	3.50	3.18	13.45	3.59
ROE	19.79	12.49	14.71	18.63	8.90	11.51	9.72	26.60	14.27

Current trailing valuations relative to MSCI world

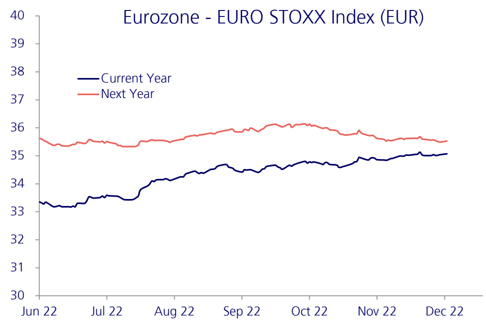
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.20	0.88	0.66	0.99	0.88	0.77	0.69	0.36	0.83
12m Trailing P/B	1.54	0.71	0.63	1.20	0.51	0.57	0.43	0.63	0.77
12m Trailing P/CF	1.32	0.68	0.67	0.94	0.82	0.73	0.63	0.44	0.62
Dividend Yield	0.71	1.38	1.71	1.29	1.10	1.50	1.36	5.77	1.54
ROE	1.29	0.81	0.96	1.21	0.58	0.75	0.63	1.73	0.93

Source: Datastream

Earnings estimates - Full fiscal years



x-axis



x-axis 14/06/2022 31 28/12/2022

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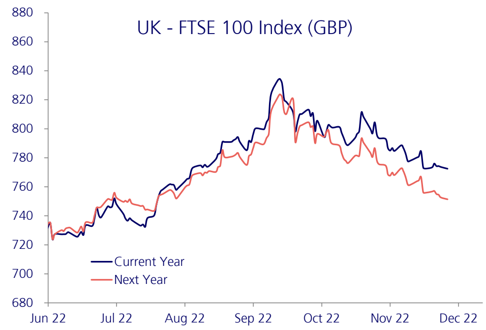
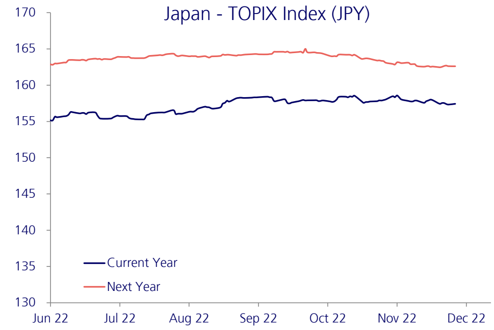
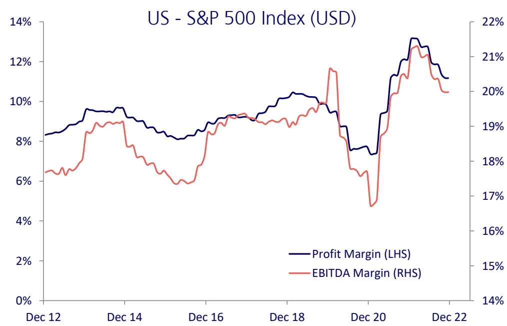
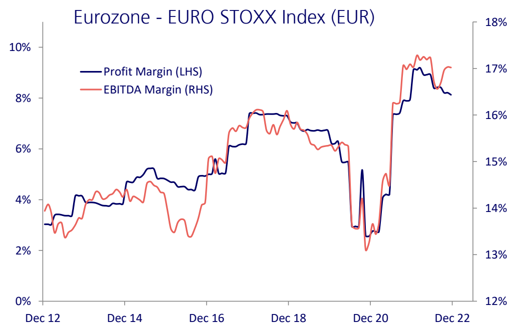


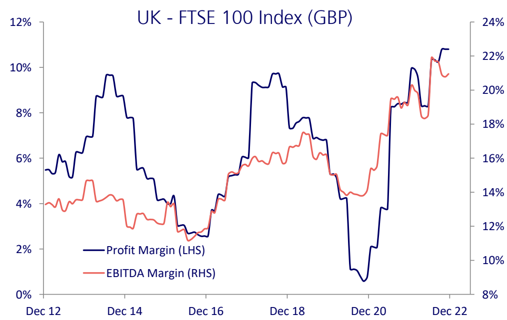


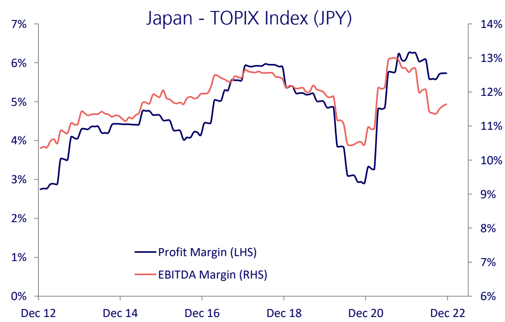
Source: Bloomberg

Historical margins





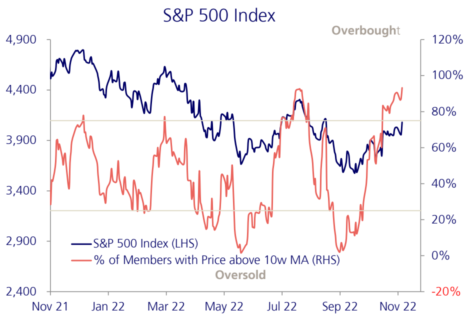


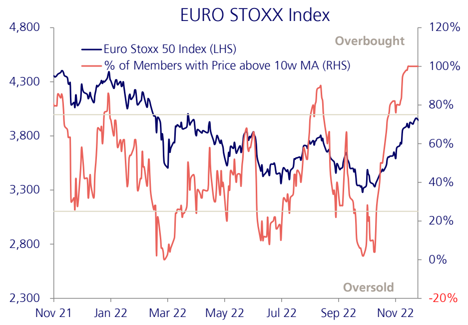


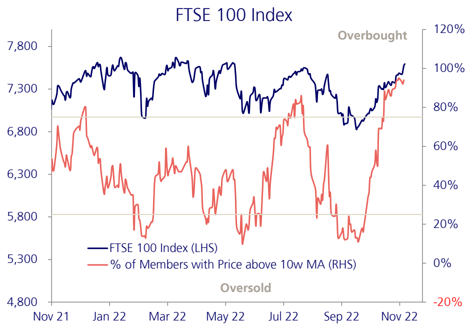
Source: Bloomberg

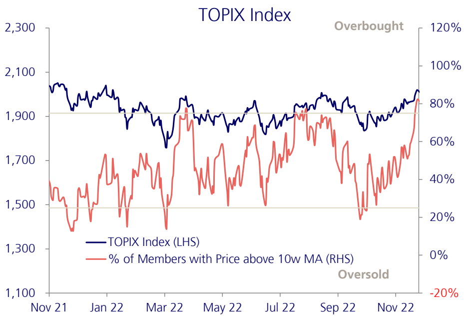
Source: Bloomberg

Overbought / Oversold



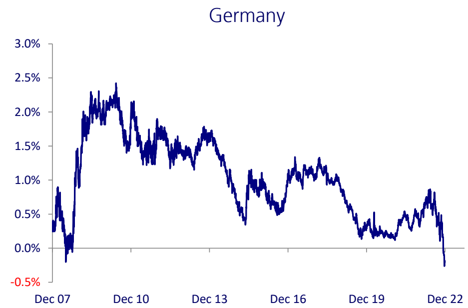


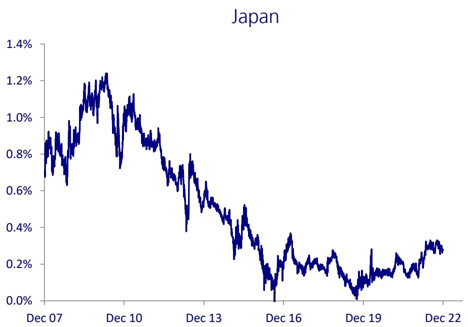


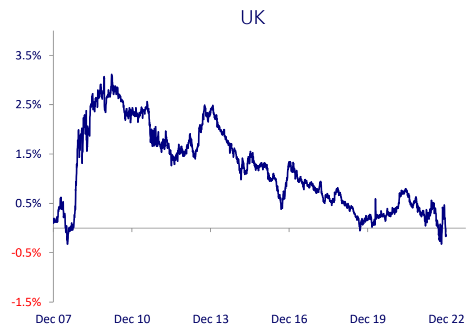


Source: Bloomberg

Yield Curve Steepness (2yr-10yr)







Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Dec-22	1m ago	3m ago	1yr ago
UK	-52	-53	-27	-58
Germany	-176	-191	-166	-175
Switzerland	-256	-289	-233	-165
Japan	-338	-380	-295	-134
Australia	-15	-29	46	33
China	-73	-140	-55	147
South Korea	5	18	54	78
Malaysia	42	31	82	212
Indonesia	326	349	395	475
Thailand	-91		-61	49
Philippines	43	n/a	n/a	n/a
Brazil	911	783	876	1,006
Mexico	559	580	583	610
Colombia	943	974	898	n/a
Peru	409	435	493	456

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Dec-22	1m ago	3m ago	1yr ago
France	48	54	62	36
Netherlands	29	29	33	15
Belgium	58	59	66	35
Austria	62	69	65	27
Ireland	46	48	66	50
Italy	192	216	232	135
Spain	100	108	119	77
Portugal	94	101	108	70

Source: Bloomberg, ZIG

Economic data

US	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Trend*
ISM Manufacturing (Index)	60.6	58.8	57.6	58.6	57.1	55.4	56.1	53.0	52.8	52.8	50.9	50.2		down
ISM Non-Manufacturing (Index)	68.4	62.3	59.9	56.5	58.3	57.1	55.9	55.3	56.7	56.9	56.7	54.4		up
Durable Goods (% MoM)	1.4	0.9	3.1	-0.7	0.7	0.4	0.8	2.3	-0.1	0.2	0.3	1.0		down
Consumer Confidence (Index)	111.9	115.2	111.1	105.7	107.6	108.6	103.2	98.4	95.3	103.6	107.8	102.2	100.2	up
Retail Sales (% MoM)	18.6	16.8	13.7	17.7	7.1	7.8	8.7	8.8	10.0	9.7	8.6	8.3		down
Unemployment Rate (%)	4.2	3.9	4.0	3.8	3.6	3.6	3.6	3.6	3.5	3.7	3.5	3.7		up
Avg Hourly Earnings YoY (% YoY)	6.5	6.2	6.7	6.7	6.7	6.6	6.4	6.4	6.2	6.0	5.8	5.5		down
Change in Payrolls ('000, MoM)	647.0	588.0	504.0	714.0	398.0	368.0	386.0	293.0	537.0	292.0	315.0	261.0		down
PCE (% YoY)	4.8	5.0	5.2	5.4	5.4	5.0	4.9	5.0	4.7	4.9	5.1			down
GDP (%, QoQ, Annualized)		7.0			-1.6			-0.6			2.9			

UK	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Trend*
PMI Services (Index)	58.5	53.6	54.1	60.5	62.6	58.9	53.4	54.3	52.6	50.9	50.0	48.8	48.8	down
Consumer Confidence (Index)	-14.0	-15.0	-19.0	-26.0	-31.0	-38.0	-40.0	-41.0	-41.0	-44.0	-49.0	-47.0	-44.0	down
Unemployment Rate (%)	4.1	4.0	4.0	3.8	3.7	3.8	3.8	3.8	3.6	3.5	3.6			down
CPI (% YoY)	5.1	5.4	5.5	6.2	7.0	9.0	9.1	9.4	10.1	9.9	10.1	11.1		up
GDP (% YoY)		8.9			10.9			4.4			2.4			

Eurozone	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Trend*
PMI Manufacturing (Index)	58.4	58.0	58.7	58.2	56.5	55.5	54.6	52.1	49.8	49.6	48.4	46.4	47.1	down
PMI Services (Index)	55.9	53.1	51.1	55.5	55.6	57.7	56.1	53.0	51.2	49.8	48.8	48.6	48.6	down
IFO Business Climate (Index)	96.7	95.0	96.1	98.8	90.8	92.0	93.2	92.3	88.7	88.6	84.3	84.5	86.3	down
Industrial Production (% MoM)	2.7	1.2	-0.7	0.6	-1.7	-0.3	1.6	1.0	-2.3	2.0	0.9			up
Factory Orders GE (% MoM)	3.0	2.4	2.9	-1.4	-4.8	-1.6	-0.2	-0.2	1.3	-2.0	-4.0			down
Unemployment Rate (%)	7.1	7.0	6.9	6.8	6.8	6.7	6.7	6.7	6.7	6.7	6.6			down
M3 Growth (% YoY, 3 months MA)	7.4	6.9	6.5	6.4	6.3	6.1	5.8	5.8	5.7	6.1	6.3	5.1		up
CPI (% YoY)	4.9	5.0	5.1	5.9	7.4	7.4	8.1	8.6	8.9	9.1	9.9	10.6	10.0	up
Core CPI (% YoY)	2.6	2.6	2.3	2.7	3.0	3.5	3.8	3.7	4.0	4.3	4.8	5.0	5.0	up
GDP (% QoQ)		0.5			0.6			0.8			0.2			

Switzerland	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Trend*
KOF Leading Indicator (Index)	107.2	107.2	107.1	105.1	99.2	103.0	96.8	96.1	90.5	93.5	92.3	90.9	89.5	down
PMI Manufacturing (Index)	63.8	64.2	63.8	62.6	64.0	62.5	60.0	59.1	58.0	56.4	57.1	54.9	53.9	down
Real Retail Sales (% YoY)	4.8	-0.1	6.4	13.3	-6.1	-5.8	-2.0	0.1	2.5	1.6	2.6	-2.5		up
Trade Balance (Billion, CHF)	6.0	3.5	3.1	5.9	2.8	4.1	3.1	3.7	3.7	3.7	4.2	4.1		up
CPI (% YoY)	1.5	1.5	1.6	2.2	2.4	2.5	2.9	3.4	3.4	3.5	3.3	3.0	3.0	down

Japan	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Trend*
Nomura Manufacturing PMI (Index)	54.5	54.3	55.4	52.7	54.1	53.5	53.3	52.7	52.1	51.5	50.8	50.7	49.0	down
Machine Orders (% YoY)	11.6	5.1	5.1	4.3	7.6	19.0	7.4	6.5	12.8	9.7	2.9			down
Industrial Production (% YoY)	4.8	2.2	-0.8	0.5	-1.7	-4.9	-3.1	-2.8	-2.0	5.8	9.6	3.7		up
ECO Watchers Survey (Index)	58.5	58.6	35.9	36.6	48.9	50.7	52.6	51.8	43.5	44.8	49.6	51.1		down
Jobs to Applicants Ratio (Index)	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.4		up
Labour Cash Earnings (% YoY)	0.8	-0.4	1.1	1.2	2.0	1.3	1.0	2.0	1.3	1.7	2.2			down
Department Store Sales (% YoY)	8.1	8.8	15.6	-0.7	4.6	19.0	57.8	11.7	9.6	26.1	20.2	11.4		down
Money Supply M2 (% YoY)	4.0	3.7	3.6	3.6	3.5	3.4	3.1	3.3	3.4	3.4	3.3	3.1		down
CPI Ex Food & Energy (% YoY)	-1.2	-1.3	-1.9	-1.8	-1.6	0.1	0.2	0.2	0.4	0.7	0.9	1.5		up
Exports (% YoY)	20.5	17.5	9.6	19.1	14.7	12.5	15.8	19.3	19.0	22.0	28.9	25.3		up

China	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Trend*
PMI Manufacturing (Index)	50.1	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	down
Industrial Production (% YoY)	3.8	4.3			5.0	-2.9	0.7	3.9	3.8	4.2	6.3	5.0		up
Retail Sales (% YoY)	3.9	1.7			-3.5	-11.1	-6.7	3.1	2.7	5.4	2.5	-0.5		up
PPI (% YoY)	12.9	10.3	9.1	8.8	8.3	8.0	6.4	6.1	4.2	2.3	0.9	-1.3		down
Exports (% YoY)	21.7	20.9	24.0	6.1	14.4	3.5	16.3	17.1	18.0	7.2	5.9	-0.3		down
CPI (% YoY)	2.3	1.5	0.9	0.9	1.5	2.1	2.1	2.5	2.7	2.5	2.8	2.1		up
RRR (%)	12.0	11.5	11.5	11.5	11.5	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3	neutral
GDP (% YoY)		4.0			4.8			0.4			3.9			up
PMI Non Manufacturing (Index)	50.1	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Trend*
AiG Manufacturing (Index)	54.8	48.4	48.4	53.2	55.7	58.5	52.4	54.0	52.5	49.3	50.2	49.6	44.7	down
AiG Service (Index)	49.6	56.2	56.2	60.0	56.2	57.8	49.2	48.8	51.7	53.3	48.0	47.7		down
Westpac Consumer Confidence (% MoM)	0.6	-1.0	-2.0	-1.3	-4.2	-0.9	-5.6	-4.5	-3.0	-3.0	3.9	-0.9	-6.9	up
Building Approvals (% YoY)	-6.6	-9.7	-21.9	-8.1	-34.5	-24.6	-20.0	-15.8	-22.9	-7.4	-12.9	-6.4		up
Employment Change ('000, MoM)	386.9	69.6	18.5	105.4	36.2	9.5	39.3	68.4	-35.7	35.5	-3.8	32.2		down

Brazil	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Trend*
CPI (% YoY)	10.7	10.1	10.4	10.5	11.3	12.1	11.7	11.9	10.1	8.7	7.2	6.5		down
Industrial Production (% YoY)	-7.8	-4.4	-5.0	-7.3	-4.1	-1.9	-0.5	0.5	-0.4	-0.4	2.8	0.4		up
Retail Sales (% YoY)	-6.8	-4.2	-2.9	-1.5	1.3	4.9	4.5	-0.2	-0.1	-5.3	1.6	3.2		down
Trade Balance (Millions, USD)	-1110.1	4012.9	-29.5	4636.6	7591.6	8188.2	5000.3	8933.1	5380.3	4026.7	3991.4	3921.0		down
Budget Balance Primary (Billions, BRL)	-26.6	-54.2	84.1	-22.5	-26.5	-41.0	-66.0	-83.8	-22.5	-65.9	-60.6	-14.5		up

Chile	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Trend*
IMACEC Economic Activity Index (% YoY)	13.57	8.84	8.91	6.78	6.60	6.68	6.14	3.27	1.00	-0.02	-0.35			down
CPI (% YoY)	6.70	7.17	7.70	7.81	9.41	10.52	11.55	12.49	13.12	14.09	13.73	12.81		up
Retail Sales (% YoY)	14.22	13.48	10.62	11.02	19.58	-5.26	-6.08	-11.14	-13.44	-14.64	-12.31			up
Industrial Production (% YoY)	2.75	1.72	-1.10	-2.96	0.85	-3.61	1.78	-1.49	-5.07	-5.04	-1.58	-4.16		down
Unemployment (%)	7.50	7.20	7.30	7.50	7.80	7.70	7.80	7.80	7.90	7.90	8.00	8.00		up

Mexico	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Trend*
PMI (Index)	50.8	53.0	48.2	51.0	51.8	52.3	50.9	49.5	51.2	49.5	50.3	50.1		down
CPI (% YoY)	7.4	7.4	7.1	7.3	7.5	7.7	7.7	8.0	8.2	8.7	8.7	8.4		up
Retail Sales (% YoY)	5.5	5.2	6.6	6.3	3.7	4.6	5.1	4.0	5.0	4.7	3.3			down
Indutrial Production (% YoY)	2.9	3.7	3.1	6.6	3.3	3.6	6.6	5.2	5.3	8.1	8.4			down
Remittances (Millions, USD)	4661.6	4752.3	3918.2	3911.3	4692.5	4707.8	5141.9	5144.0	5296.8	5121.5	5030.8			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Disclaimer and cautionary statement

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