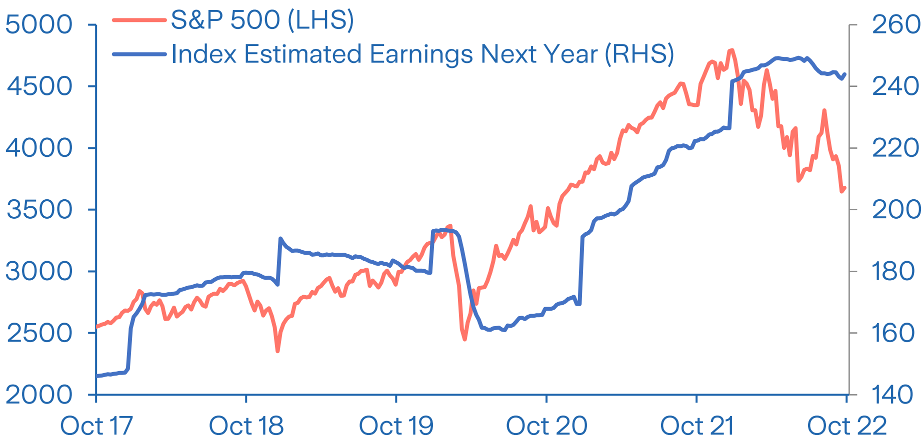
Monthly Investment Insights

4 October 2022

Earnings estimates still too high in the face of looming recession



Source: Bloomberg

With a loss of 9.3% in September the S&P 500 suffered its worst month since the pandemic-induced sell-off in March 2020. Stocks fell below the lows reached back in June and have extended the drawdown from their all-time high in January to almost 26%. With a peak-to-trough loss of 35% the Nasdaq fared even worse. Aggressive monetary tightening is weighing on investors' minds as it becomes increasingly clear that central banks will not be able to bring inflation back under control without creating a recession. Many central banks have stepped up their rate hikes in recent weeks, with strong hints that more economic pain is needed before victory can be declared in the fight against inflation. The Fed delivered its third 75bp rate hike in a row in September and raised its year-end projection for the fed funds rate by a full percentage point to 4.375%, significantly above their estimate of the neutral rate.

Stock markets are anticipating the expected growth slowdown and a fall in earnings, though uncertainty regarding the extent and the duration of the recession remains elevated, hence investors are putting a higher risk premium on equities. Not surprisingly, the mood of investors is very downbeat, as can be seen by indicators like the American Association of Individual Investors' weekly survey, where the bears outnumbered the bulls in September by the largest margin since 2009. Global sentiment was dealt another blow by the latest turmoil in the UK gilt market. Rapidly rising gilt yields, triggered by the announcement of the government's broad-based tax cuts, led to an intervention by the Bank of England to avoid a negative chain reaction and the potential default of a number of UK pension funds. The spillover to global bond markets, additional tightening of financial conditions, and the additional risk premium are all likely to keep weighing on equity markets.

Overall, a fair amount of bad news seems to be priced into financial markets and stocks look oversold in the short term. Nevertheless, as long as central banks keep up their hawkish rhetoric and the growth outlook continues to deteriorate, it is too early to expect a sustainable new bull market in equities.

Market Assessment

Key developments

- Economic activity weakens further, with the Global Composite PMI now in contractionary territory
- Inflation remains elevated but price pressure is easing, helped by falling commodity prices
- Stock markets extend their losses, reaching new post-pandemic lows in many regions

Zurich's view

Investors' hopes for a Fed pivot to a less hawkish stance were further dashed in September. At the same time, most other central banks have also continued to tighten policy to bring inflation under control and to help support their currencies given the strengthening of the USD resulting from the Fed's aggressive moves. Therefore, tighter financial conditions will continue to weigh on equities while the earnings outlook deteriorates further given the expected growth slowdown.

Stock markets extended their losses, falling to new post-pandemic lows in many regions as investors increasingly price in the likely recession. Equities are unloved with positioning light and could bounce, but fundamentals are against them with risks to the downside.

Bond yields have broadly moved higher despite the deteriorating growth outlook. Government bonds look stretched given the outlook and signs that inflation is peaking. Investors are likely to transition in coming weeks from inflation fears to growth fears and turn in favour of bonds. European IG credit spreads reflect the economic challenges ahead and are relatively good value vs European stocks.

	Key developments	Zurich's view
Global	• Global growth falls below trend in Q3 as policy tightening and elevated energy prices weigh on demand • Central banks reiterate their commitment to the inflation targets, with aggressive rate hikes forthcoming • Sovereign bond yields rebound despite slowing growth, volatility remains high	Global growth has slumped as activity remains weak in China and policy tightening and surging gas prices have triggered slowdowns in the US and Europe. The Composite PMI indicates that global growth has fallen slightly below trend. Inflation remains uncomfortably high but global price pressures have eased, helped by rapidly falling demand and lower commodity prices. Surging gas prices in Europe will push inflation higher near term, while US inflation appears to be peaking and further declines are expected for H2. With labour markets extremely tight, we anticipate central banks will maintain their hawkish stance for the time being. Sovereign bond yields have rebounded, particularly in Europe, as the focus has shifted from growth risks towards the challenging energy and inflation situation.
US	• Growth is holding up well with service activity accelerating slightly • Headline inflation decelerated to an annual rate of 8.3% in August • The S&P 500 has fallen further in recent weeks, breaking below the lows reached in June	Business activity was holding up well in August with the ISM Services index ticking up slightly to 56.9 from 56.7. The ISM Manufacturing survey dropped to 50.9 from 52.8 in September. The labour market softened at the margin with the unemployment rate ticking up to 3.7% in August. Meanwhile, headline inflation continued to recede and signs of reduced price pressure continue to increase. Many commodities are significantly cheaper than a few months ago and small businesses' price plans saw another fall in August, pointing to substantially lower inflation rates in the months ahead. As expected, the Fed lifted its target rate by 75bps to a range of 3.00 to 3.25%. While the move was less aggressive than some investors feared the overall message was still on the hawkish side as the FOMC lifted its rate projection for year-end by a full percentage point.
UK	• Business activity slows to the lowest since the beginning of 2021 • Chancellor Kwarteng's fiscal plans send sterling to an all-time low against the USD • The BoE buys long-term gilts to avoid a negative chain reaction and the potential default of several pension funds	Economic activity softened further with consumer sentiment dipping to a record low and the Composite PMI falling deeper into contractionary territory in September to 48.4, the lowest level since January 2021. Headline inflation ticked back down below 10% YoY in August though core inflation accelerated to an annual rate of 6.3%, lifted by service prices. The recently announced energy price cap will help to keep inflation under control in the near term. Meanwhile, gilt yields soared and sterling tumbled on the government's announcement of massive fiscal stimulus and broad-based tax cuts. While some of the measures are worth implementing the timing is counterproductive given high inflation rates. The BoE will be forced to tighten more than intended, offsetting at least part of the hoped-for economic stimulus.
Eurozone	• As opinion polls predicted, the centre-right coalition wins the Italian general election • The ECB raises interest rates by 75bps despite the slowing economy • Sentiment surveys increasingly point to an imminent recession in the Eurozone	In Italy a right-wing coalition won convincingly in general elections with around 44% of the vote and a comfortable parliamentary majority. However, it fell short of the super-majority of two-thirds of MPs and will therefore not be able to change the constitution. Meanwhile, the survey data gave us further evidence that the Eurozone is entering recession. The Headline Composite PMI fell further below the 50 expansion/contraction mark, to 48.2 in September. The Manufacturing New Orders Index, a useful leading indicator, fell to 41.3. Separately, the European Commission's (EC) consumer confidence indicator fell to a fresh record low in September. The EC is preparing several measures to intervene in energy markets, but they will not be able to prevent a recession over the winter months in our view.
Switzerland	• Growth slows but economic activity is expected to remain relatively resilient, supported by local demand • The SNB hikes rates again, ending the negative rate era and reiterating its preference for a weaker franc, with further tightening expected • Inflation remains relatively benign and supply chain price pressures are beginning to ease, helped by a stronger currency	The SNB raised rates to 0.5% in Q3, ending the era of negative rates in Europe. This was expected and caused limited market reaction, with further rate hikes likely. The hawkish shift by the SNB has reduced inflation risk and confirms their preference for low inflation. Price pressures have begun to ease, helped by a stronger franc, though wage growth remains brisk. Manufacturing activity is holding up, despite the challenging external backdrop, but consumer sentiment and private consumption have slumped. Looking forward, we expect growth to be relatively resilient, with domestic demand supported by strong labour markets and healthy private and public sector balance sheets. Recession risk has risen, however, with the energy situation and conditions in the Eurozone at the fore.

	Key developments	Zurich's view
Japan	• The latest Covid wave, which brought record high new infections and mortality, is receding • The Tankan survey confirms that the outlook for the services sector is deteriorating • Japanese equities keep trading sideways in a range, but are outperforming global equities, while the yen remains weak despite BoJ intervention induced by the MoF	The latest Tankan Survey shows a slight improvement in the non-manufacturing sector and stable conditions in the manufacturing sector. However, we note a significant deterioration in the outlook for the former, confirmed by the inflation-driven deterioration in consumer confidence. Corporate capex plans remain solid as industrial production has returned to pre-Covid levels. Meanwhile, Japan is preparing to reopen to foreign visitors. While this should boost the economy, pre-Covid levels of inbound travel are unlikely to be reached soon. Japanese equities are trading rangebound but outperforming global stocks. For the first time in 24 years, the BoJ intervened in the currency market on behalf of the MoF to support the weak yen. However, USDJPY continues to hover around 145.
China	• China's economic slump continues while rising infrastructure investments help to cushion the downturn • Following the collapse, residential property sales appear to be recovering, but more evidence is needed • The MSCI China marks a fresh six-year low, while the CNY weakens to levels last seen in 2019/20	China's growth recession persists, with the property downturn and Covid related setbacks in services consumption at the core, though we note that export growth is also showing signs of slowing, as we had suspected. Some indications reveal that government backed housing completions are gaining steam following the mortgage crisis, and demand for residential properties is picking up despite falling house prices. However, more evidence is needed to confirm a bottoming out. The focus is on the 20th Communist Party Congress that starts mid-October. Chinese equities keep falling, with the MSCI China marking a fresh six-year low. However, the MSCI China remains stable versus the MSCI World. The CNY is depreciating versus the strong USD, falling to the lows marked in 2019 and 2020.
Australia	• The RBA hiked the cash rate by 50bps to 2.35% in September and a further 50bp rate hike is expected for October • Australia's housing data weakened due to the impact of higher interest rates • Australian bond yields increased in September, while equity prices declined	The RBA increased the cash rate by a further 50bps in September to 2.35%, and we expect an additional 50bp hike in October to take the cash rate above the neutral rate. The pace of rate hikes will likely slow to 25bps in November, but interest rate hikes are expected to continue into Q2 2023. Tightening monetary policy is adversely impacting house prices, which fell by 1.6% MoM in August and 4.1% over the past four months. Building approvals and new home loan data also declined during the month. Non-housing economic data have remained resilient, with the domestic unemployment rate at 3.5%, and business conditions and confidence have remained positive. Australian equities declined in September, while bond yields increased on more hawkish commentary from global central banks.
ASEAN	• Inflation continues to surprise to the upside • Indonesia frontloads its rate hikes following its fuel price hike • Malaysia's consumer prices and exports both rose at their quickest pace in 16 months	Indonesia hiked its subsidised fuel prices by about 30%, the first time in eight years, citing pressure on its state budget deficit. Bank Indonesia expects inflation to breach their targeted range of 2-4% for 2022 but it should correct by H2 2023. We expect BI to continue to hike before year end, after a total of 75bps in August and September so far. Despite external macro concerns, Malaysia's exports were robust in August, marking the quickest growth in 16 months, anchored by stronger electrical and electronic equipment as well as agriculture outbound shipments, which benefited from a weaker MYR/USD. CPI also hit a 16-month high given the low base effect of electricity tariff discounts a year ago and continued acceleration in food prices, strengthening the case for a final 25bp hike by year end.
LatAm	• Inflation expectations are falling dramatically in Brazil while remaining under pressure in the rest of LatAm • Former president Lula and the incumbent Jair Bolsonaro advanced to the second round of the presidential election in Brazil • The tightening cycle ended in Brazil, while Mexico will likely continue tightening until year-end	In Brazil, Q2 GDP growth surprised to the upside, growing 1.2% QoQ, while monthly economic activity accelerated in July. The central bank will likely keep the Selic rate at 13.75% until H2 2023. The presidential election has not triggered any significant market reaction as the frontrunners are well known and investors do not expect substantial economic changes. In Mexico, the budget proposal for 2023 preserves fiscal austerity, with a stable debt/GDP ratio. Economic activity surprised to the upside, driven by consumption and the manufacturing sector. Banxico hiked the policy rate 75bps to 9.25%. The LatAm equity market has outperformed during this turmoil. Brazilian equities seem to be the most attractive considering valuation, the stage of the monetary policy cycle, and economic factors.

Appendix 1

Valuation snapshot (MSCI Indices)

Current trailing valuations

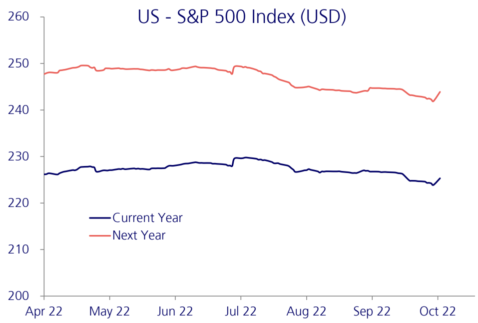
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.14	14.37	13.03	16.22	16.22	13.98	14.63	5.61	12.39
12m Trailing P/B	4.00	1.79	1.72	3.04	1.31	1.63	1.41	1.55	1.74
12m Trailing P/CF	14.65	7.29	7.42	10.54	9.44	8.58	7.72	5.51	6.19
Dividend Yield	1.61	3.20	3.85	2.96	2.50	3.08	2.37	14.26	3.92
ROE	19.84	12.45	13.17	18.75	8.07	11.68	9.64	27.64	14.01

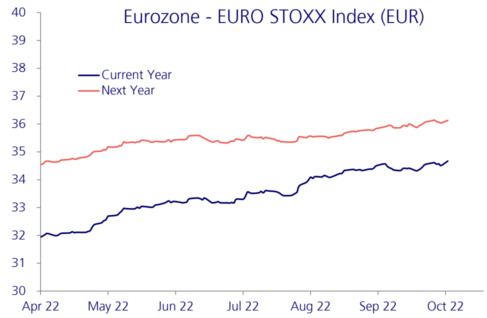
Current trailing valuations relative to MSCI world

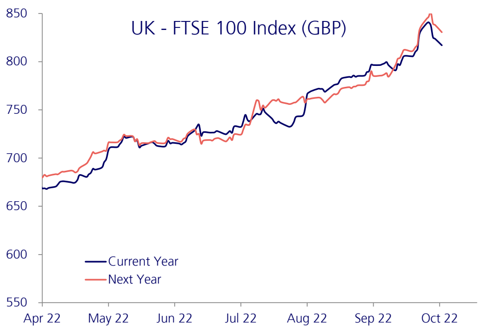
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.18	0.84	0.76	0.95	0.95	0.82	0.86	0.33	0.72
12m Trailing P/B	1.54	0.69	0.66	1.17	0.51	0.63	0.54	0.60	0.67
12m Trailing P/CF	1.31	0.65	0.66	0.94	0.84	0.77	0.69	0.49	0.55
Dividend Yield	0.71	1.42	1.71	1.31	1.11	1.36	1.05	6.32	1.74
ROE	1.31	0.82	0.87	1.24	0.53	0.77	0.64	1.82	0.92

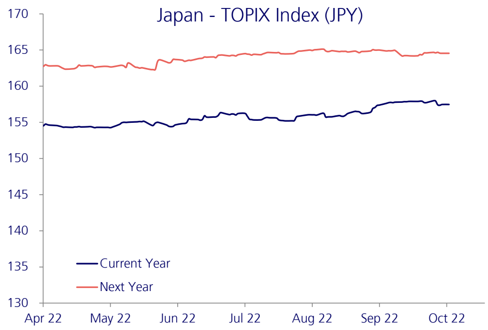
Source: Datastream

Earnings estimates - Full fiscal years



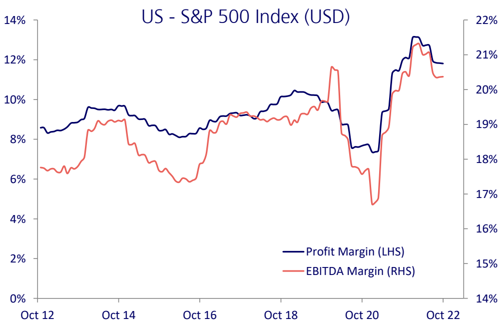


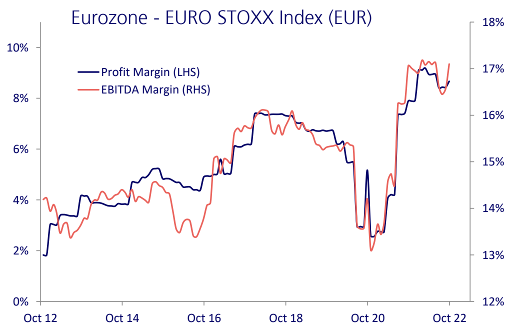


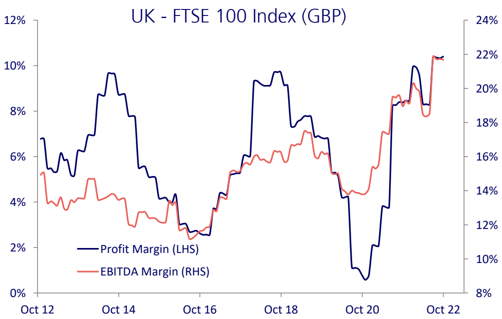


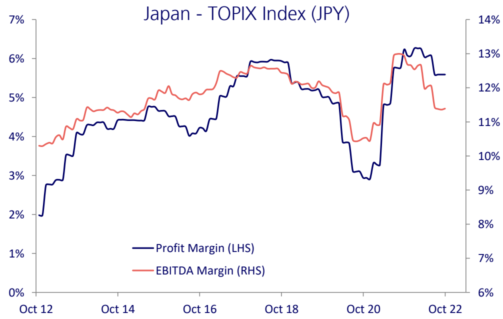
Source: Bloomberg

Historical margins









Source: Bloomberg

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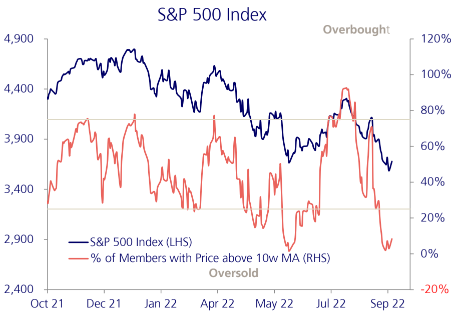
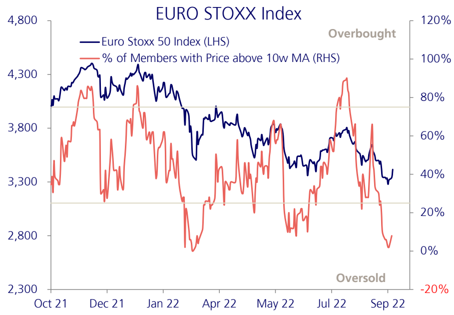
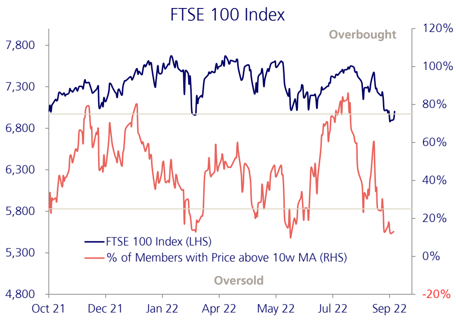
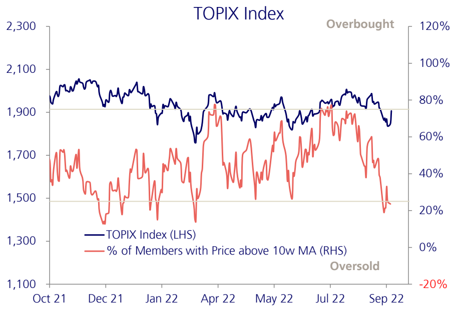
Overbought / Oversold





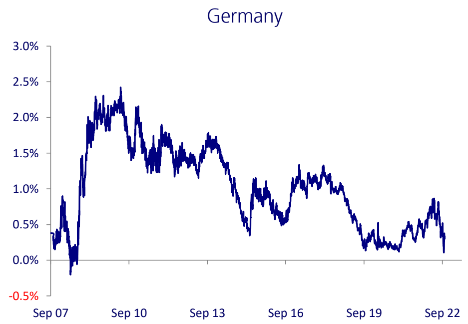


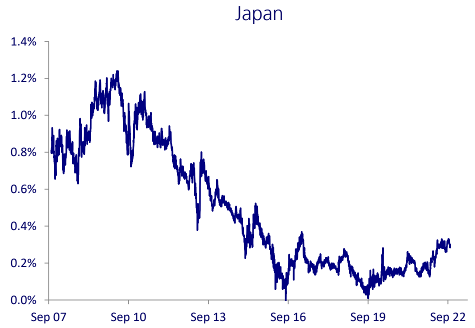


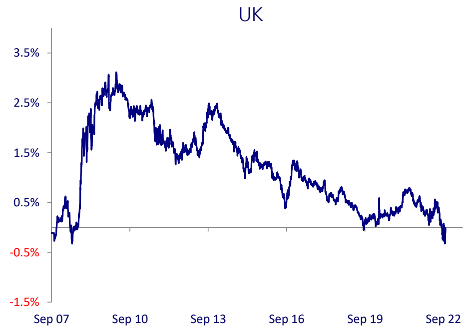
Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)







Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Oct-22	1m ago	3m ago	1yr ago
UK	30	-27	-84	-47
Germany	-174	-166	-172	-169
Switzerland	-262	-233	-215	-165
Japan	-334	-295	-268	-142
Australia	17	46	48	1
China	-81	-55	-9	140
South Korea	52	54	37	77
Malaysia	90	82	121	190
Indonesia	372	395	434	474
Thailand	-38		-24	40
Philippines	50	n/a	n/a	n/a
Brazil	820	n/a	1,032	960
Mexico	602	583	603	602
Colombia	912	898	829	n/a
Peru	515	493	483	484

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Oct-22	1m ago	3m ago	1yr ago
France	59	62	56	35
Netherlands	33	33	35	13
Belgium	64	66	66	32
Austria	71	65	58	23
Ireland	55	66	60	37
Italy	228	232	195	104
Spain	114	119	107	65
Portugal	104	108	108	55

Source: Bloomberg, ZIG

Economic data

US	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Trend*
ISM Manufacturing (Index)	60.5	60.8	60.6	58.8	57.6	58.6	57.1	55.4	56.1	53.0	52.8	52.8	50.9	down
ISM Non-Manufacturing (Index)	62.6	66.7	68.4	62.3	59.9	56.5	58.3	57.1	55.9	55.3	56.7	56.9		down
Durable Goods (% MoM)	-1.5	1.5	1.4	0.9	3.1	-0.7	0.7	0.4	0.8	2.3	-0.1	-0.2		up
Consumer Confidence (Index)	109.8	111.6	111.9	115.2	111.1	105.7	107.6	108.6	103.2	98.4	95.3	103.6	108.0	down
Retail Sales (% MoM)	14.3	16.5	18.6	16.8	13.7	17.7	7.1	7.8	8.7	8.8	10.1	9.1		up
Unemployment Rate (%)	4.7	4.6	4.2	3.9	4.0	3.8	3.6	3.6	3.6	3.6	3.5	3.7		neutral
Avg Hourly Earnings YoY (% YoY)	5.9	6.4	6.5	6.2	6.7	6.7	6.7	6.6	6.4	6.4	6.2	6.1		down
Change in Payrolls ('000, MoM)	424.0	677.0	647.0	588.0	504.0	714.0	398.0	368.0	386.0	293.0	526.0	315.0		down
PCE (% YoY)	3.9	4.3	4.8	5.0	5.2	5.4	5.4	5.0	4.9	5.0	4.7	4.9		down
GDP (%, QoQ, Annualized)	2.7			7.0			-1.6			-0.6				

UK	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Trend*
PMI Services (Index)	55.4	59.1	58.5	53.6	54.1	60.5	62.6	58.9	53.4	54.3	52.6	50.9	49.2	down
Consumer Confidence (Index)	-13.0	-17.0	-14.0	-15.0	-19.0	-26.0	-31.0	-38.0	-40.0	-41.0	-41.0	-44.0	-49.0	down
Unemployment Rate (%)	4.3	4.2	4.1	4.0	4.0	3.8	3.7	3.8	3.8	3.8	3.6			down
CPI (% YoY)	3.1	4.2	5.1	5.4	5.5	6.2	7.0	9.0	9.1	9.4	10.1	9.9		up
GDP (% YoY)	8.5			8.9			10.9			4.4				

Eurozone	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Trend*
PMI Manufacturing (Index)	58.6	58.3	58.4	58.0	58.7	58.2	56.5	55.5	54.6	52.1	49.8	49.6	48.4	down
PMI Services (Index)	56.4	54.6	55.9	53.1	51.1	55.5	55.6	57.7	56.1	53.0	51.2	49.8	48.9	down
IFO Business Climate (Index)	99.2	98.2	97.0	95.0	96.1	98.8	90.7	92.0	93.2	92.3	88.6	88.6	84.3	down
Industrial Production (% MoM)	-0.7	-0.9	2.8	1.3	-0.8	0.6	-1.7	0.1	1.1	1.1	-2.3			down
Factory Orders GE (% MoM)	2.9	-5.9	3.0	2.4	3.0	-1.6	-4.8	-1.7	-0.2	-0.3	-1.1			up
Unemployment Rate (%)	7.4	7.3	7.1	7.0	6.9	6.8	6.8	6.7	6.7	6.7	6.6	6.6		down
M3 Growth (% YoY, 3 months MA)	7.6	7.7	7.3	6.9	6.5	6.4	6.2	6.1	5.8	5.7	5.7	6.1		down
CPI (% YoY)	3.4	4.1	4.9	5.0	5.1	5.9	7.4	7.4	8.1	8.6	8.9	9.1	10.0	up
Core CPI (% YoY)	1.9	2.0	2.6	2.6	2.3	2.7	3.0	3.5	3.8	3.7	4.0	4.3	4.8	up
GDP (% QoQ)	2.2			0.5			0.7			0.8				

Switzerland	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Trend*
KOF Leading Indicator (Index)	110.7	110.0	107.2	107.2	107.1	105.1	99.2	103.0	96.8	96.1	90.5	93.5	93.8	down
PMI Manufacturing (Index)	67.6	65.7	63.8	64.2	63.8	62.6	64.0	62.5	60.0	59.1	58.0	56.4	57.1	down
Real Retail Sales (% YoY)	2.6	1.8	4.8	0.0	6.4	13.3	-6.1	-5.8	-2.0	0.1	3.0	3.0		up
Trade Balance (Billion, CHF)	5.0	5.3	6.0	3.5	3.1	5.9	2.8	4.1	3.1	3.7	3.5	3.4		up
CPI (% YoY)	0.9	1.2	1.5	1.5	1.6	2.2	2.4	2.5	2.9	3.4	3.4	3.5	3.3	up

Japan	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Trend*
Nomura Manufacturing PMI (Index)	51.5	53.2	54.5	54.3	55.4	52.7	54.1	53.5	53.3	52.7	52.1	51.5	50.8	down
Machine Orders (% YoY)	12.5	2.9	11.6	5.1	5.1	4.3	7.6	19.0	7.4	6.5	12.8			down
Industrial Production (% YoY)	-2.5	-4.3	4.8	2.2	-0.8	0.5	-1.7	-4.9	-3.1	-2.8	-2.0	5.1		up
ECO Watchers Survey (Index)	43.3	56.2	58.5	58.6	35.9	36.6	48.9	50.7	52.6	51.8	43.5	44.8		down
Jobs to Applicants Ratio (Index)	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3		up
Labour Cash Earnings (% YoY)	0.2	0.2	0.8	-0.4	1.1	1.2	2.0	1.3	1.0	2.0	1.3			down
Department Store Sales (% YoY)	-4.3	2.9	8.1	8.8	15.6	-0.7	4.6	19.0	57.8	11.7	9.6	26.1		down
Money Supply M2 (% YoY)	4.2	4.2	4.0	3.7	3.6	3.6	3.5	3.4	3.1	3.3	3.4	3.4		up
CPI Ex Food & Energy (% YoY)	-0.8	-1.2	-1.2	-1.3	-1.9	-1.8	-1.6	0.1	0.2	0.2	0.4	0.7		up
Exports (% YoY)	13.0	9.4	20.5	17.5	9.6	19.1	14.7	12.5	15.8	19.3	19.0	22.0		up

China	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Trend*
PMI Manufacturing (Index)	49.6	49.2	50.1	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	up
Industrial Production (% YoY)	3.1	3.5	3.8	4.3			5.0	-2.9	0.7	3.9	3.8	4.2		up
Retail Sales (% YoY)	4.4	4.9	3.9	1.7			-3.5	-11.1	-6.7	3.1	2.7	5.4		up
PPI (% YoY)	10.7	13.5	12.9	10.3	9.1	8.8	8.3	8.0	6.4	6.1	4.2	2.3		down
Exports (% YoY)	28.0	26.9	21.7	20.9	24.1	6.2	14.5	3.7	16.7	17.9	18.0	7.1		up
CPI (% YoY)	0.7	1.5	2.3	1.5	0.9	0.9	1.5	2.1	2.1	2.5	2.7	2.5		up
RRR (%)	12.0	12.0	12.0	11.5	11.5	11.5	11.5	11.3	11.3	11.3	11.3	11.3	11.3	neutral
GDP (% YoY)	4.9			4.0			4.8			0.4				down
PMI Non Manufacturing (Index)	49.6	49.2	50.1	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Trend*
AiG Manufacturing (Index)	51.2	50.4	54.8	48.4	48.4	53.2	55.7	58.5	52.4	54.0	52.5	49.3	50.2	down
AiG Service (Index)	45.7	47.6	49.6	56.2	56.2	60.0	56.2	57.8	49.2	48.8	51.7	53.3		down
Westpac Consumer Confidence (% MoM)	2.0	-1.5	0.6	-1.0	-2.0	-1.3	-4.2	-0.9	-5.6	-4.5	-3.0	-3.0	3.9	up
Building Approvals (% YoY)	17.7	-7.7	-8.2	-10.3	-22.2	-7.5	-33.6	-24.9	-19.8	-16.5	-25.5	-9.5		up
Employment Change ('000, MoM)	-138.2	-34.3	384.0	69.6	34.6	111.0	37.9	-9.1	47.2	74.9	-40.9	33.5		down

Brazil	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Trend*
CPI (% YoY)	10.3	10.7	10.7	10.1	10.4	10.5	11.3	12.1	11.7	11.9	10.1	8.7		down
Industrial Production (% YoY)	-0.6	-4.1	-7.8	-4.4	-5.0	-7.3	-4.1	-1.9	-0.5	0.5	-0.5	-0.5		up
Retail Sales (% YoY)	-4.1	-5.2	-6.8	-4.2	-2.9	-1.5	1.3	4.9	4.5	-0.2	-0.1	-5.2		down
Trade Balance (Millions, USD)	2063.7	-1110.1	4012.9	-39.6	4633.8	7594.4	8213.7	5039.2	8946.0	5381.2	4106.7	3994.0		down
Budget Balance Primary (Billions, BRL)	-42.0	-25.0	-26.6	-54.2	84.1	-22.5	-26.5	-41.0	-66.0	-83.8	-22.5	-65.9		down

Chile	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Trend*
IMACEC Economic Activity Index (% YoY)	14.38	13.93	13.57	8.84	8.91	6.78	6.60	6.68	6.14	3.27	1.00	-0.02		down
CPI (% YoY)	5.34	6.03	6.70	7.17	7.70	7.81	9.41	10.52	11.55	12.49	13.12	14.09		up
Retail Sales (% YoY)	22.54	15.43	14.22	13.48	10.62	11.02	19.58	-5.26	-6.08	-11.14	-13.17			down
Industrial Production (% YoY)	-0.59	1.33	2.75	1.72	-1.10	-2.96	0.85	-3.61	1.78	-1.49	-5.07	-5.04		down
Unemployment (%)	8.40	8.10	7.50	7.20	7.30	7.50	7.80	7.70	7.80	7.80	7.90	7.90		up

Mexico	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Trend*
PMI (Index)	50.2	51.3	50.9	52.9	48.2	51.0	51.8	52.4	50.9	49.5	51.2	49.5	50.1	down
CPI (% YoY)	5.6	6.2	7.4	7.4	7.1	7.3	7.5	7.7	7.7	8.0	8.2	8.7		up
Retail Sales (% YoY)	5.9	5.5	5.5	5.2	6.6	6.3	3.7	4.6	5.1	4.0	5.0			down
Indutrial Production (% YoY)	-0.4	0.0	2.7	3.7	3.7	6.9	3.6	3.9	6.1	5.1	5.1			down
Remittances (Millions, USD)	4408.9	4822.1	4661.6	4752.3	3918.2	3911.3	4692.5	4707.8	5141.9	5144.0	5296.8	5121.5		up

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Disclaimer and cautionary statement

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