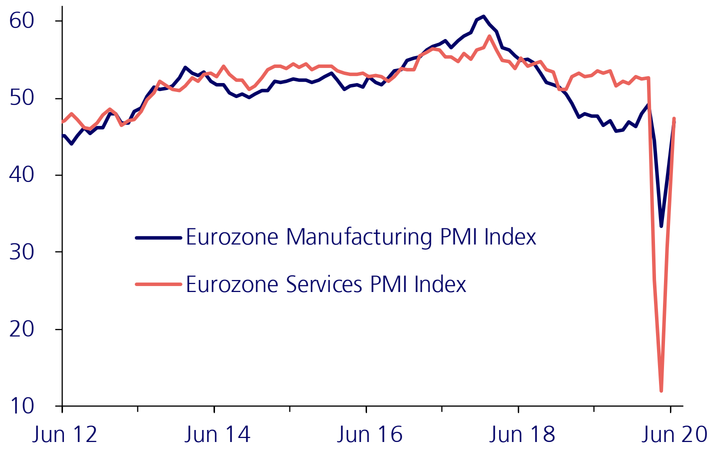
July 1, 2020

Monthly Investment Insights

A shadow remains over a strong economic rebound



Source: Bloomberg

It has been a roller coaster ride for stocks. Investors first cheered on an easing of lockdowns, then turned bearish as fears of a second wave resurged. The S&P 500 saw its sharpest daily drop since mid-March by almost 6% in the second week of June. Since then, markets appear indecisive in choosing either direction.

Meanwhile, global activity saw further evidence of a tentative recovery. The global Manufacturing and Services PMIs continued to pick up in June, with some crossing the boom-bust line of 50 into expansionary territory. Pent-up demand has fuelled consumption in some countries while job losses start to slow as businesses re-open. With the technology sector gaining traction during lockdowns, strong tech shipments are benefiting several Asian economies such as Taiwan, Korea and Singapore.

That being said, a surge in infections in some states in the US as well as new clusters that emerged locally in China and Germany remain a concern. Emerging markets like Brazil, India, Indonesia and the Philippines are still struggling to flatten the curve, seeing thousand to tens of thousands of new cases daily. These countries are facing a hard choice between lives and livelihoods. Yet, it should be noted that countries are now more experienced and prepared to cope with new infections than in early March. Even if infections remain elevated, a large-scale global lockdown seems too high of a bar considering the potential economic loss, especially as policy stimulus is reaching a limit in many countries.

On the policy front, the ECB announced an expansion of its Pandemic Emergency Purchase Programme (PEPP) by EUR 600bn while the Fed will now buy corporate bonds in the secondary markets without requiring company certifications. In his recent speech Fed Chair Powell delivered a dovish message, mentioning ‘no rate increases at least through 2022’ and reiterating that the asset purchase programs would continue in order to achieve ‘real economy goals’ without too much concern regarding asset prices. It seems that liquidity will be here to stay for some time, supporting our constructive view on risk assets. Credit markets should benefit first-hand from these developments, with a spill-over into other asset classes. However, fears around a second wave may unsettle markets. Hence, a modest pro-risk stance with an emphasis on credit markets seems appropriate for the time being.

Market Assessment

Key developments

- Signs of a rebound in economic activity emerge as social restrictions are eased globally
- The ECB adds EUR 600bn to its Pandemic Emergency Purchase Programme (PEPP)
- Coronavirus infections surge in several states and cities around the world, triggering fears of a second wave

Zurich’s view

As economies re-open and social interaction normalises, infections have surged in some places. Concerns around whether this will lead to a second wave, or particularly a second lockdown, triggered a short-lived sell-off in equities.

However, even if infections continue to soar, we doubt that global governments will once again shutdown their economies on a large scale. The main uncertainty centres around how long it will take for the normalisation to happen, as some local re-imposed lockdowns might delay this process.

With increasing risks around new infections and fears of a second wave, equity markets might face choppy waters in the weeks ahead. Meanwhile, it is encouraging that peripheral bond spreads have tightened following the European Commission’s proposal for a pandemic recovery fund and the increase in the PEPP by the ECB.

In the medium term, we suspect liquidity injections by global central banks will continue to be an irresistible force supporting asset prices, with cash credit markets potentially being the biggest beneficiary over the remainder of the year. Moreover, credit should be supported by the slowing down of issuance after the recent deluge as companies are now flush with liquidity.

	Key developments	Zurich's view
Global	• Macro data improve further in June as trade and activity continue to normalise following lockdowns • Profound policy support aids the recovery, and should not be scaled back prematurely • Virus concerns return, with hotspots in some regions, but the global infection rate is contained	Economic activity picked up in June as social distancing restrictions were scaled back further. Business and consumer sentiment rebounded, helped by positive developments on virus containment and a range of support measures. This is encouraging and in line with our base case, but activity is still at a depressed level with retail sales and industrial production still well below pre-COVID levels, despite improvements. Job losses have not been reversed and the labour market outlook is disturbing, with unemployment set to stay high for a long time. The business environment is deeply challenging, with insufficient global demand and deflation. While we expect growth and activity to pick up further, it will be critical that policy support stays in place and evolves as new needs emerge.
US	• The S&P 500 briefly rises above its year-end level with investors looking through the current downturn • Retail sales rebound as pent-up demand lifts spending after the lockdown • 2.5 million jobs are created as rehiring picks up significantly	The S&P 500 briefly rose back above its year-end level as liquidity keeps supporting the stock market and investors are willing to look through the current economic downturn. Meanwhile, economic data continue to improve as lockdown measures are eased. While almost 20 million Americans still receive unemployment benefits, the labour market is showing signs of improvement. 2.5 million jobs were created in May as rehiring picked up. The saving rate jumped to 33% of disposable income in April, the highest on record, as fiscal stimulus reached households that were unable to spend during the lockdown. The pent-up demand helped to boost retail sales by a massive 17.7% MoM in May. While this should not be extrapolated, we expect the recovery to continue at a solid pace, though the reacceleration in COVID-19 cases in many states may create some headwinds.
UK	• GDP contracted by more than 20% MoM in April as large parts of the economy were locked down • Retail sales rose by more than 10% MoM in May as lockdown measures are eased and households increase spending • The Bank of England expands its asset purchases by GBP 100bn but slows down its pace	Data show that GDP contracted by more than 20% MoM in April. While there is still far to go until the economy fully recovers, there are some indications that the situation is improving. Retail sales rose by more than 10% MoM in May as lockdown measures are slowly eased and households increase their spending. Business sentiment shows signs of improvement as well, with the Composite PMI rising from 30 to 47.6 in June. To provide ongoing support to both the economy and financial markets, the Bank of England announced that it will expand its asset purchases by GBP 100bn to a target of 745bn. Providing a hawkish tilt to the decision, the BoE wants to reach that target by the end of the year, which implies that they intend to slow the pace of their asset purchases, providing a small headwind to gilts.
Eurozone	• The ECB increases the PEPP by EUR 600bn, an amount greater than expected • Business confidence improves, pointing to bounce back in output • Government stimulus measures increase while virus lockdown restrictions are eased	Stimulus measures continue to ramp up in the Eurozone. The ECB said that it was increasing its Pandemic Emergency Purchase Programme (PEPP) by EUR 600bn to EUR 1.35tn and extending it into 2021. The German government announced a second fiscal stimulus package of around 4% of GDP, with some measures, such as cuts to VAT, kicking in almost immediately. Business sentiment picked up sharply in May and June and as a result, we expect economic activity will also bounce back sharply, though remain below pre COVID-19 levels for some time. New virus case growth has fallen sharply, and lockdown restrictions are now being eased gradually. This should be supportive for risk assets, though virus developments outside of Europe have been less positive and could be a headwind.
Switzerland	• Economic activity rebounds but remains at a low level, with unemployment set to rise over the coming months • Deflationary pressures intensify, with negative prints now expected for inflation in both 2020 and 2021 • The SNB leaves policy unchanged, with negative rates and forex interventions remaining in place	Economic activity is improving as lockdown restrictions are eased. The Manufacturing PMI edged higher in May and we expect another increase in June, in line with developments in the Eurozone. Exports have stabilised following a deep contraction in March and April and imports rose sharply in May, as supply constraints eased back. While encouraging, economic activity is still tracking far below its pre COVID level, deep deflation is amplifying pressure on businesses, and unemployment is rising. It will be critical that policy support is not removed prematurely despite the success in controlling the virus in Switzerland, as global headwinds are large and domestic vulnerabilities persist.

	Key developments	Zurich's view
Japan	• Japan's economic activity collapses in Q1 and is only slowly recovering • Fiscal policy remains highly accommodative • Japanese equity performance and the USDJPY remain rangebound	Japan's economy is only slowly recovering from the economic slump following the COVID-19 induced state of emergency. Retail sales picked up marginally in May and were down 12.3% YoY in May, while department store sales collapsed 65.6%. Industrial production was down 25.9% in May versus a year ago, and both the Tankan and the BSI corporate surveys for Q2 reflect a significant deterioration in both manufacturing and service-related industries, particularly for small companies. To no surprise, the labour market is now also showing first scars. Fiscal policy remains supportive, with a secondary supplementary budget adding to major stimuli provided earlier. Japanese equities remained largely rangebound both on an absolute level as well as relative to global equities.
China	• China's economy is gaining further traction • The latest coronavirus outbreak in Beijing is well contained • The MSCI China has regained lost territory relative to the world	China's economy continues to gain traction following its trough in early February. Both industrial production and infrastructure investment keep inching higher, while major PMIs have surged and are hovering above the boom/bust level of 50. Some segments of consumption are still lagging, while others, particularly online sales, remain strong. We applaud the measured pace of monetary policy, as the PBoC has refrained from lowering the LPR and RRR rates for now. However, there is no doubt that stimulus policies remain supportive. We stick to our above consensus growth forecast of 2.5% for this year. The latest renewed outbreak of the coronavirus in Beijing remains largely contained. The MSCI China has steadily climbed higher, making up last month's losses relative to global equities.
Australia	• Q1 output contracts modestly • Weekly data on payroll jobs and total wages paid show an initial pickup • Equities experience a short-lived sell-off	Q1 GDP came in at -0.3% QoQ, slightly better than consensus had expected, with private consumption being the main drag, followed by dwelling and non-mining investment. However, this pales in comparison with the likely plunge in output in Q2, with April and May data hitting rock bottom. Since then, some indicators imply a potential rebound in activity. Both the Manufacturing and Services PMIs have picked up. The weekly ABS job survey shows job and wage growth turned slightly upward on a week-on-week basis at the end of May. Meanwhile, May preliminary retail sales increased by 16.3% MoM, partly offsetting the plunge in April. In tandem with global equities, Australian stocks suffered a short-lived sell-off and have moved sideways since then.
ASEAN	• The central banks of Indonesia and the Philippines deliver policy rate cuts • The PMI New Export Orders points to a potential rebound in shipments • Infection rates remain elevated in Indonesia and the Philippines	Indonesia and the Philippines' central banks have cut their policy rates by 25bps and 50bps respectively. We believe the easing cycle has not yet come to an end as both central banks still have some space for further rate cuts. Worryingly, infection curves in both countries have not yet flattened, with around a thousand new cases reported daily since the easing of restrictions. This weighs heavily on consumer and business confidence, potentially slowing the recovery process significantly. On a brighter note, ASEAN's New Export Orders PMI has picked up, signalling that exports will gradually recover. Indonesian equities lagged behind other markets. Malaysia's stocks have gained some momentum but quickly lost steam following a short sell-off in June.

Valuation snapshot (MSCI Indices)

Current trailing valuations

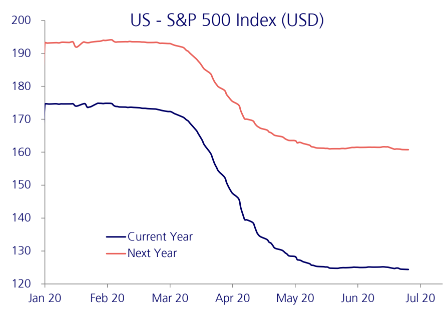
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	22.43	16.26	12.10	18.67	15.19	14.84	14.11	15.07	18.98
12m Trailing P/B	3.52	1.65	1.45	2.79	1.23	1.50	1.68	1.86	1.59
12m Trailing P/CF	14.75	9.06	7.37	13.69	7.15	9.54	10.57	7.18	7.48
Dividend Yield	1.91	2.27	4.35	2.97	2.51	2.93	2.01	3.58	3.88
ROE	15.67	10.12	11.95	14.92	8.12	10.09	11.92	12.35	8.39

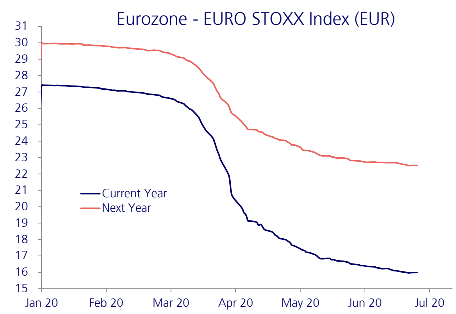
Current trailing valuations relative to MSCI world

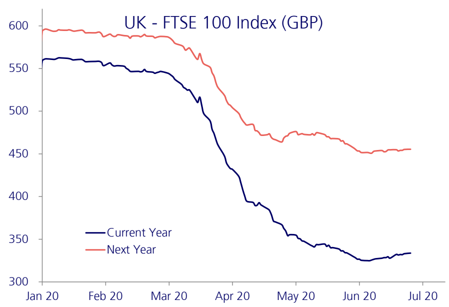
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.21	0.88	0.65	1.01	0.82	0.80	0.76	0.81	1.03
12m Trailing P/B	1.58	0.74	0.65	1.25	0.55	0.67	0.75	0.83	0.71
12m Trailing P/CF	1.32	0.81	0.66	1.22	0.64	0.85	0.95	0.64	0.67
Dividend Yield	0.82	0.98	1.88	1.28	1.08	1.26	0.87	1.55	1.67
ROE	1.30	0.84	0.99	1.24	0.67	0.84	0.99	1.02	0.70

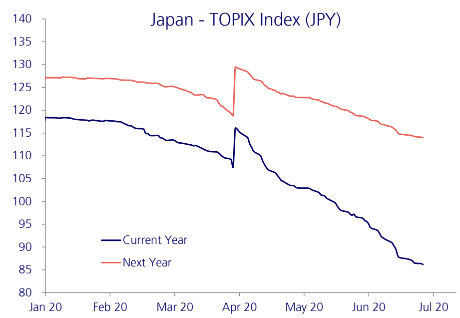
Source: Datastream

Earnings estimates - Full fiscal years



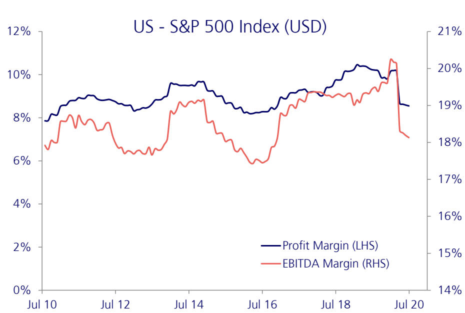


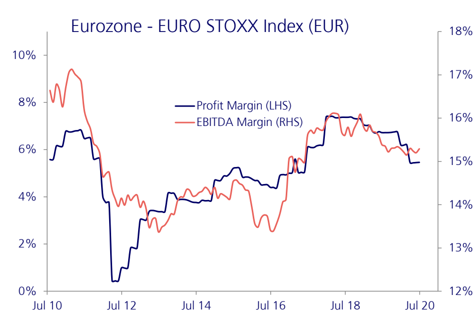


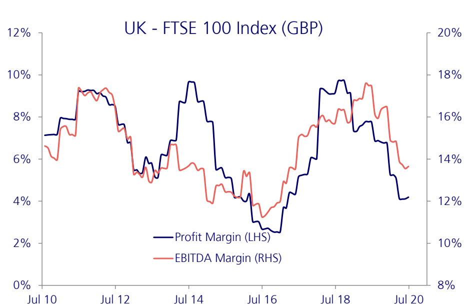


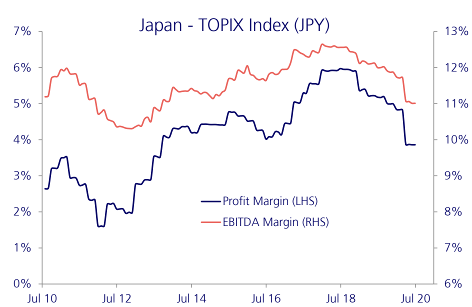
Source: Bloomberg

Historical margins



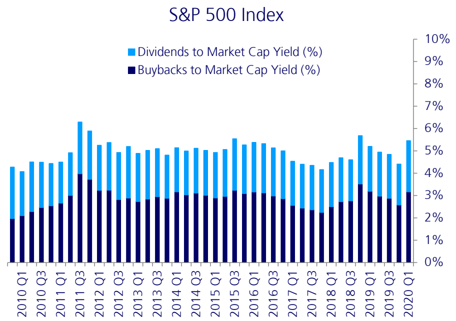


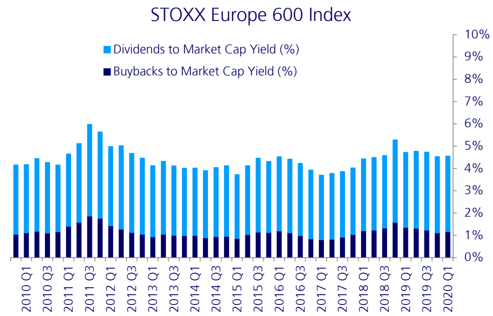


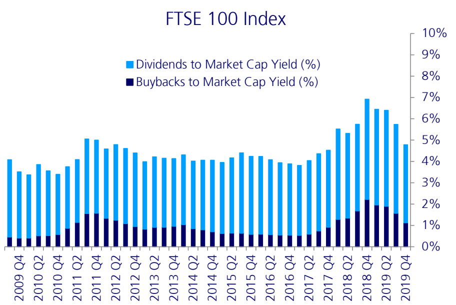


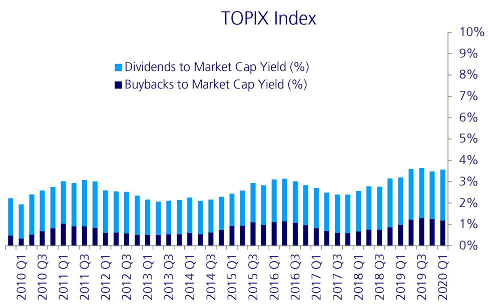
Source: Bloomberg

Dividends and shares buybacks



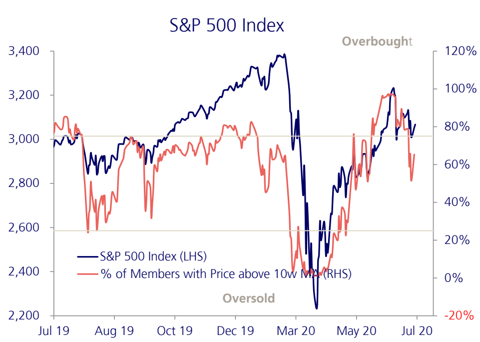


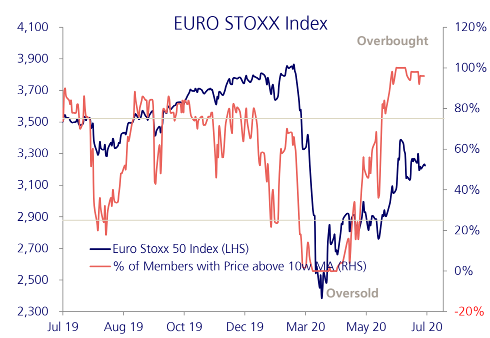


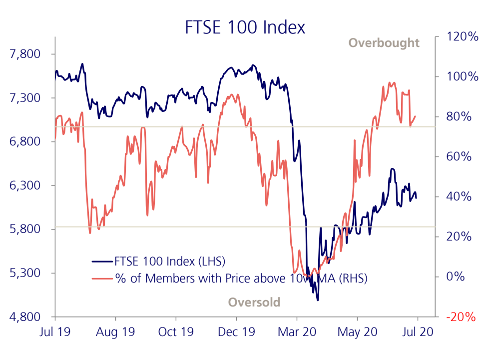


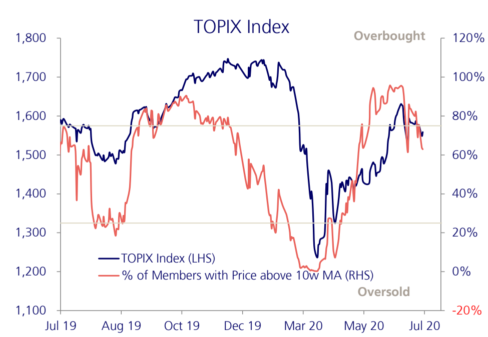
Source: Bloomberg

Overbought / Oversold





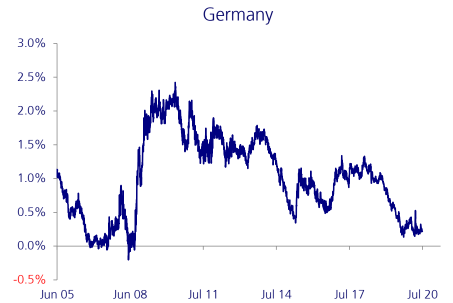


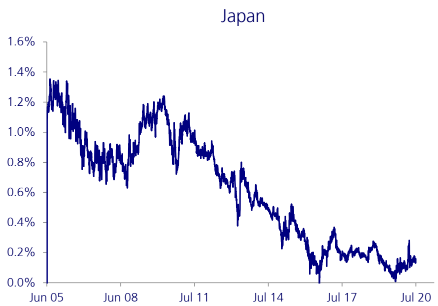


Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)





Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Jul-20	1m ago	3m ago	1yr ago
UK	-48	-47	-26	-125
Germany	-110	-110	-103	-234
Switzerland	-107	-112	-95	-255
Japan	-60	-65	-60	-212
Australia	24	23	17	-64
China	222	204	200	120
South Korea	76	71	92	-39
Malaysia	224	215	281	167
Indonesia	658	609	749	538
Thailand	56		100	5
Philippines	343	n/a	n/a	n/a
Brazil	666	n/a	n/a	535
Mexico	527	550	663	545
Colombia	546	541	782	401
Peru	316	320	551	266

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Jul-20	1m ago	3m ago	1yr ago
France	34	37	49	31
Netherlands	16	21	28	17
Belgium	33	43	56	38
Austria	24	33	49	28
Ireland	46	53	63	50
Italy	172	192	190	221
Spain	94	101	114	66
Portugal	95	95	130	73

Source: Bloomberg, ZIG

Economic data

US	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Trend*
ISM Manufacturing (Index)	51.6	51.3	48.8	48.2	48.5	48.1	47.8	50.9	50.1	49.1	41.5	43.1		down
ISM Non-Manufacturing (Index)	55.4	54.8	56.0	53.5	54.4	53.9	54.9	55.5	57.3	52.5	41.8	45.4		down
Durable Goods (% MoM)	0.1	2.5	0.5	-0.9	-0.1	-2.6	2.8	-0.2	2.0	-16.7	-18.1	15.8		down
Consumer Confidence (Index)	124.3	135.8	134.2	126.3	126.1	126.8	128.2	130.4	132.6	118.8	85.7	85.9	98.1	down
Retail Sales (% MoM)	3.6	3.6	4.3	4.0	3.3	3.3	5.6	4.9	4.5	-5.6	-19.9	-6.1		down
Unemployment Rate (%)	3.7	3.7	3.7	3.5	3.6	3.5	3.5	3.6	3.5	4.4	14.7	13.3		up
Avg Hourly Earnings YoY (% YoY)	3.5	3.7	3.7	3.7	3.8	3.5	3.2	3.3	3.3	3.5	7.8	6.7		up
Change in Payrolls ('000, MoM)	182.0	194.0	207.0	208.0	185.0	261.0	184.0	214.0	251.0	-1373.0	-20687.0	2509.0		down
PCE (% YoY)	1.6	1.6	1.8	1.7	1.6	1.5	1.6	1.7	1.8	1.7	1.0	1.0		down
GDP (%, QoQ, Annualized)	2.0			2.1			2.1			-5.0				

UK	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Trend*
PMI Services (Index)	50.2	51.4	50.6	49.5	50.0	49.3	50.0	53.9	53.2	34.5	13.4	29.0	47.0	down
Consumer Confidence (Index)	-13.0	-11.0	-14.0	-12.0	-14.0	-14.0	-11.0	-9.0	-7.0	-9.0	-34.0	-36.0	-30.0	down
Unemployment Rate (%)	3.9	3.8	3.9	3.8	3.8	3.8	3.8	3.9	4.0	3.9	3.9			down
CPI (% YoY)	2.0	2.1	1.7	1.7	1.5	1.5	1.3	1.8	1.7	1.5	0.8	0.5		down
GDP (% YoY)	1.4			1.3			1.1			-1.7				

Eurozone	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Trend*
PMI Manufacturing (Index)	47.6	46.5	47.0	45.7	45.9	46.9	46.3	47.9	49.2	44.5	33.4	39.4	46.9	down
PMI Services (Index)	53.6	53.2	53.5	51.6	52.2	51.9	52.8	52.5	52.6	26.4	12.0	30.5	47.3	down
IFO Business Climate (Index)	97.7	96.2	94.5	94.9	94.6	94.8	96.0	95.8	95.9	86.0	74.3	79.7	86.2	down
Industrial Production (% MoM)	-1.2	-0.1	0.1	0.2	-0.4	-0.5	-1.7	1.9	-0.1	-11.9	-17.1			down
Factory Orders GE (% MoM)	1.4	-0.7	-0.4	1.2	-0.4	-1.2	-1.5	4.8	-1.2	-15.0	-25.8			down
Unemployment Rate (%)	7.5	7.6	7.5	7.5	7.4	7.4	7.3	7.3	7.2	7.1	7.3			down
M3 Growth (% YoY, 3 months MA)	4.6	5.2	5.8	5.7	5.7	5.6	4.9	5.2	5.5	7.5	8.2	8.9		up
CPI (% YoY)	1.3	1.0	1.0	0.8	0.7	1.0	1.3	1.4	1.2	0.7	0.3	0.1	0.3	down
Core CPI (% YoY)	1.1	0.9	0.9	1.0	1.1	1.3	1.3	1.1	1.2	1.0	0.9	0.9	0.8	down
GDP (% QoQ)	0.1			0.3			0.1			-3.6				

Switzerland	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Trend*
KOF Leading Indicator (Index)	94.9	96.0	95.4	93.1	94.8	92.6	96.1	100.0	101.7	91.5	59.7	49.6	59.4	down
PMI Manufacturing (Index)	48.6	45.2	47.4	44.9	48.9	48.5	48.8	47.8	49.5	43.7	40.7	42.1		down
Real Retail Sales (% YoY)	1.0	1.4	-0.5	1.7	0.3	1.3	1.0	0.2	0.9	-5.7	-18.8	6.6		down
Trade Balance (Billion, CHF)	4.0	3.7	1.7	4.0	3.5	3.9	2.0	4.7	3.5	3.9	4.0	2.8		up
CPI (% YoY)	0.6	0.3	0.3	0.1	-0.3	-0.1	0.2	0.2	-0.1	-0.5	-1.1	-1.3		down

Japan	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Trend*
Nomura Manufacturing PMI (Index)	49.3	49.4	49.3	48.9	48.4	48.9	48.4	48.8	47.8	44.8	41.9	38.4	37.8	down
Machine Orders (% YoY)	12.5	0.3	-14.5	5.1	-6.1	5.3	-3.5	-0.3	-2.4	-0.7	-17.7			down
Industrial Production (% YoY)	-3.9	0.8	-5.5	1.2	-8.2	-8.5	-3.7	-2.4	-5.7	-5.2	-15.0	-25.9		down
ECO Watchers Survey (Index)	43.3	41.7	42.6	45.7	36.3	39.2	40.7	40.6	27.4	15.9	9.5	15.4		down
Jobs to Applicants Ratio (Index)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.3	1.2		down
Labour Cash Earnings (% YoY)	0.4	-1.0	-0.1	0.5	0.0	0.1	-0.2	1.2	0.7	0.1	-0.7			down
Department Store Sales (% YoY)	-0.9	-2.9	2.3	23.1	-17.5	-6.0	-5.0	-3.1	-12.2	-33.4	-72.8	-65.6		down
Money Supply M2 (% YoY)	2.3	2.3	2.4	2.4	2.4	2.7	2.7	2.8	3.0	3.3	3.7	5.1		up
CPI Ex Food & Energy (% YoY)	0.3	0.4	0.4	0.3	0.3	0.5	0.5	0.4	0.2	0.3	-0.1	0.1		down
Exports (% YoY)	-6.6	-1.5	-8.2	-5.2	-9.2	-7.9	-6.3	-2.6	-1.0	-11.7	-21.9	-28.3		down

China	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Trend*
PMI Manufacturing (Index)	49.4	49.7	49.5	49.8	49.3	50.2	50.2	50.0	35.7	52.0	50.8	50.6	50.9	up
Industrial Production (% YoY)	6.3	4.8	4.4	5.8	4.7	6.2	6.9			-1.1	3.9	4.4		up
Retail Sales (% YoY)	9.8	7.6	7.5	7.8	7.2	8.0	8.0			-15.8	-7.5	-2.8		down
PPI (% YoY)	0.0	-0.3	-0.8	-1.2	-1.6	-1.4	-0.5	0.1	-0.4	-1.5	-3.1	-3.7		down
Exports (% YoY)	-1.5	3.4	-1.0	-3.2	-0.8	-1.3	7.9			-6.6	3.4	-3.3		down
CPI (% YoY)	2.7	2.8	2.8	3.0	3.8	4.5	4.5	5.4	5.2	4.3	3.3	2.4		down
RRR (%)	13.5	13.5	13.5	13.0	13.0	13.0	13.0	12.5	12.5	12.5	12.5	12.5	12.5	neutral
GDP (% YoY)	6.2			6.0			6.0			-6.8				down
PMI Non Manufacturing (Index)	49.4	49.7	49.5	49.8	49.3	50.2	50.2	50.0	35.7	52.0	50.8	50.6	50.9	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Trend*
AiG Manufacturing (Index)	49.4	51.3	53.1	54.7	51.6	48.1	48.3	45.4	44.3	53.7	35.8	41.6		down
AiG Service (Index)	51.4	44.4	52.3	51.8	55.2	53.7	48.7	47.4	47.0	38.7	27.1	31.6		down
Westpac Consumer Confidence (% MoM)	-0.6	-4.1	3.6	-1.7	-5.5	4.5	-1.9	-1.8	2.3	-3.8	-17.7	16.4	6.3	up
Building Approvals (% YoY)	-23.7	-28.2	-16.1	-13.6	-19.8	-2.3	8.1	-9.0	-4.4	1.9	5.7			up
Employment Change ('000, MoM)	1.1	24.5	42.1	8.1	-24.9	29.5	31.3	11.6	19.3	-3.1	-607.4	-227.7		down

Brazil	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Trend*
CPI (% YoY)	3.4	3.2	3.4	2.9	2.5	3.3	4.3	4.2	4.0	3.3	2.4	1.9		down
Industrial Production (% YoY)	7.8	-5.8	-2.4	-2.0	1.1	1.3	-1.7	-1.3	-0.9	-0.3	-3.8	-27.2		down
Retail Sales (% YoY)	1.0	0.1	4.3	1.4	2.2	4.3	3.1	2.6	1.4	4.7	-1.1	-16.8		down
Trade Balance (Millions, USD)	5377.4	2391.4	4099.6	3803.2	2549.6	3564.6	5946.9	-1636.0	2447.3	4288.1	6701.3	4548.0		up
Budget Balance Primary (Billions, BRL)	-30.1	-30.3	-63.6	-45.9	-10.9	-53.2	-38.4	19.1	-49.4	-79.7	-115.8	-140.4		down

Chile	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Trend*
IMACEC Economic Activity Index (% YoY)	1.37	3.07	3.82	3.28	-3.36	-3.98	0.77	1.29	3.33	-3.08	-14.10	-14.10		down
CPI (% YoY)	2.70	2.57	2.58	2.24	2.71	2.79	3.00	3.46	3.89	3.74	3.42	2.75		down
Retail Sales (% YoY)	1.94	2.27	-0.75	-12.00	-9.21	-2.57	0.20	4.46	-14.82	-31.66	-28.72			down
Industrial Production (% YoY)	-3.14	1.41	1.22	0.54	-2.79	-2.43	3.23	1.80	5.60	0.78	-3.83	-5.70		down
Unemployment (%)	7.30	7.50	7.60	7.30	7.10	7.00	7.10	7.40	7.80	8.20	9.00	11.20		up

Mexico	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Trend*
PMI (Index)	49.0	49.1	47.4	48.2	46.6	46.6	46.6	48.9	46.9	43.8	41.0	39.2		down
CPI (% YoY)	4.0	3.8	3.2	3.0	3.0	3.0	2.8	3.2	3.7	3.3	2.2	2.8		down
Retail Sales (% YoY)	1.0	2.1	2.6	2.4	0.4	2.1	3.2	2.7	2.5	-1.3	-23.8			down
Indutrial Production (% YoY)	-1.1	3.4	-0.3	1.5	-1.2	-2.7	-0.5	-1.2	-1.2	-6.1	-35.3			down
Remittances (Millions, USD)	3183.5	3258.7	3356.4	3071.9	3125.0	2898.6	3080.3	2591.4	2698.8	4007.0	2861.4			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Disclaimer and cautionary statement

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