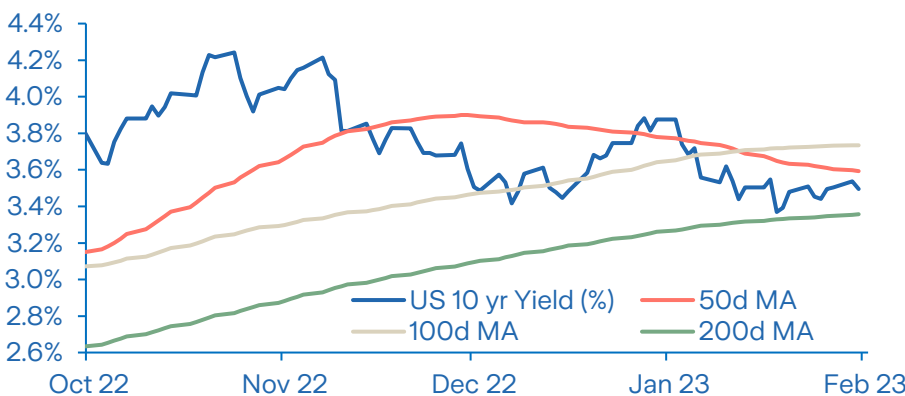


Monthly Investment Insights

1 February 2023



Near term resistance, but recession could drive yields lower



Source: Bloomberg

Stock markets are off to a flying start this year, with the MSCI World Index rallying by almost 7% in January. European and emerging market equities have experienced particularly strong momentum. The reopening of China and some better-than-anticipated economic data from the Eurozone have fuelled this optimism. While encouraging, we doubt it will lead to a U-turn in global growth prospects.

Leading indicators such as new orders, trade data, and deeply inverted yield curves across advanced economies all point to a significant slowing of global activity and the impending arrival of recession in the US, Europe, and some other advanced economies. Europe may dodge a severe downturn, thanks in part to the declining risk of natural gas rationing during a warmer than expected winter, but a recession is still likely. Notably, the European Central Bank maintains its commitment to raising interest rates further, while the US Federal Reserve continues to strike a hawkish tone, highlighting a tight labour market despite easing inflation data. Meanwhile, Japan is grappling with inflation at multi-decade highs, putting the Bank of Japan under intense pressure to adjust its yield curve control policy. Until core inflation settles within a more acceptable range and key central banks signal a true pivot to their policies, volatility in financial markets is likely to prevail.

Will the reopening of China lift all boats? We doubt it. Admittedly, the reopening will unleash a wave of pent-up demand among Chinese households. The impact on the domestic economy, particularly in the service sector, will be significant and popular travel destinations for Chinese tourists as well as overseas commodity exporters are also likely to benefit. Despite that, the global impact is likely to be moderate and will not make up for the economic weakness emanating from the West.

Equity markets do not appear to fully reflect the risks of a recession, with significant challenges for corporate profits and margins ahead. The earnings season has been rather weak so far, and headlines of American tech and financial firms laying off workers suggest growing concerns about growth and earnings prospects. We, therefore, remain cautious on equities despite the current strong momentum.

Credit spreads seem rich, with valuations appearing disconnected from the expected deterioration in credit fundamentals such as higher default rates, with bankruptcies having already risen markedly in January in the US. Within credit markets though, we are constructive on European credit as spreads seem to reflect a greater probability of recession compared to equities, Global High Yield and US Investment Grade credit.

In line with our expectations, key government bond yields have fallen sharply. While they now seem closer to fair value, there is still room for further declines in light of the oncoming recession and falling inflation.

Market Assessment

Key developments

- Global economic activity remains sluggish with leading data suggesting a recession ahead
- China's U-turn on Covid policy lifts sentiment despite rising death tolls, with travel and consumer spending bouncing
- Global headline inflation has eased meaningfully, but core inflation remains sticky

Zurich's view

China's reopening is poised to drive a robust recovery within its domestic economy as well as having spillover effects on regional economies. Nonetheless, major advanced economies are still grappling with elevated inflation and markedly higher interest rates, and most are unlikely to escape a recession.

Equity markets were on a solid footing in January. While the current strong momentum might run further, caution is warranted given still elevated and sticky core inflation in many regions and key central banks not yet finishing tightening.

In credit markets, spreads have been tightening due to robust inflows but remain vulnerable to deteriorating fundamentals, although European credit appears to be pricing in more downside than European stocks.

We remain constructive on core government bonds. Global bond markets have undergone a favourable repricing. A recession could result in core yields overshooting to the downside as investors flock to safe haven assets. That said, further policy adjustments by the Bank of Japan pose a near-term risk and may lead to increased volatility in bond markets.

Key developments	Zurich's view
<p>Global</p> <ul style="list-style-type: none"> • Global growth remains weak, though falling energy prices and China's reopening support sentiment near term • Headline inflation in many regions takes a meaningful step lower, but core inflation is stickier • Central banks keep tightening, though the end of the hiking cycle is approaching 	<p>Growth momentum has stabilised. Having fallen sharply in H2 2022, January Flash PMIs now indicate an uptick in economic activity. While encouraging, underlying dynamics remain weak and leading new orders and trade data are still consistent with contraction. Although the reopening in China is boosting activity, growth momentum continues to weaken in the US. While falling energy prices are providing relief in Europe, risk remains to the downside and sentiment is downbeat. On a positive note, headline inflation has declined further, though core inflation is stickier. Further central bank tightening is expected in H1 2023, but the end of the hiking cycle is approaching. Government bond yields have fallen and are now closer to fair value, but further downside is possible as economies move into recession.</p>
<p>US</p> <ul style="list-style-type: none"> • The ISM Services Index falls into contractionary territory for the first time since the pandemic-induced recession • Headline inflation falls to 6.5% YoY in December while core inflation slows to 5.7% YoY • Consumer spending weakens as high living costs keep weighing on households 	<p>Economic activity slowed markedly around the turn of the year with the ISM Services Index now also moving into contractionary territory with new orders particularly weak, signalling further downside risks to growth. Similarly, consumer spending is under increasing pressure as households feel the headwinds of a real income squeeze and a deteriorating employment outlook. Meanwhile, inflation continues to fall rapidly with headline CPI slowing to 6.5% YoY in December from 7.1% the month before. The S&P 500 enjoyed a solid start into the new year as investors are looking forward to the end of the Fed's hiking cycle given falling price pressure. However, looming recession risks and growing headwinds for profits and margins are expected to weigh on the stock market in the months ahead.</p>
<p>UK</p> <ul style="list-style-type: none"> • Economic activity weakens further at the beginning of the year • Headline inflation slows to 10.5% YoY but rising living costs keep weighing on consumer spending • The very tight labour market and accelerating wage growth will keep the pressure on the BoE 	<p>Business activity softened further at the beginning of the year with the Composite PMI receding to 47.8 in January, the lowest in two years. Household spending has also weakened and is likely to remain under pressure as high inflation rates keep eating into consumers' purchasing power. Reflecting these headwinds, consumer sentiment remains close to its record low. While headline inflation slowed from 10.7% in November to 10.5% YoY in December, price pressure remains elevated indicating that the cost-of-living crisis is not over yet although inflation is expected to fall substantially over the course of the year. Both the very tight labour market and robust wage growth in particular will keep the pressure on the BoE to further tighten its policy despite the expected recession.</p>
<p>Eurozone</p> <ul style="list-style-type: none"> • Headline inflation falls sharply, but the ECB remains hawkish and core inflation proves sticky • Eurozone business surveys bounce back with the Flash Composite PMI back above 50 in January • Eurozone equities rally on a less bad than feared winter and China's reopening 	<p>Improving Eurozone business surveys confirm that the slowdown over the winter months will be less bad than feared a few months ago. The extremely mild winter weather has removed the need for rationing of gas. China's reopening has also helped boost sentiment. However, the monthly hard data released so far for Q4 are still weak. More fundamentally, the economic recovery will remain fragile as we expect the US slowdown to gather intensity this year and as the ECB continues to hike interest rates despite falling bank lending growth. The upshot is that the economy remains fragile and arguably a lot of good news is already priced into local risk assets, which have rallied sharply since the beginning of the year.</p>
<p>Switzerland</p> <ul style="list-style-type: none"> • Swiss economic activity improves with a recession likely to be avoided in 2023 • Headline CPI inflation falls further, though the core measure is stickier • The SNB is expected to continue hiking rates in March before pausing 	<p>The leading KOF indicator has rebounded with both manufacturing and services strengthening in January. Monthly trade data, albeit volatile, also indicate brisk exports at the end of 2022. The Manufacturing PMI stands at a solid 54.1, consistent with solid expansion, though the Services PMI is weaker. On the pricing side conditions have continued to improve. Both consumer and producer prices fell by 0.2% MoM in December, and import prices slumped by 1.7% MoM. While inflation should tick higher in early 2023 on rising energy prices and solid rents, a sharp decline is expected in the second half of the year. The labour market is very tight, however, with shortages persisting, and the SNB is expected to continue hiking rates in March before pausing.</p>

Key developments	Zurich's view
<p>Japan</p> <ul style="list-style-type: none"> The Bank of Japan is under pressure to further tweak its YCC policy The manufacturing sector is stabilising while services activity remains brisk The MSCI Japan remains in a broad sideways trading band but continues to underperform global stocks 	<p>Following the expansion of its 10yr JGB target band from +/- 25bps to +/- 50bps, the Bank of Japan has been under severe market pressure to expand its band further or even to give up Yield Curve Control (YCC). In its latest meeting, the BoJ kept monetary policy broadly unchanged but revised down its growth forecast while increasing its inflation forecast. The new governor will take over in April. The 10yr JGB yield is stabilising below 0.5%, while USDJPY is hovering around the 130 mark, down from its high of above 150 three months ago. Inflation keeps rising, with the Tokyo CPI up to 4.4%, a 42-year high. The service sector remains brisk, while the manufacturing sector is stabilising following its prolonged downturn. Inbound tourism continues to recover.</p>
<p>China</p> <ul style="list-style-type: none"> The dramatic surge in Omicron infections is subsiding Lunar New Year travel has increased but is not back to pre-Covid levels Chinese equities and the yuan have appreciated for three months in a row 	<p>Following the switch by China's government from zero-Covid to all-in-Covid, mobility and economic activity have recovered significantly, though not yet back to pre-Covid levels. According to local sources, more than 80% of China's population has been infected, with herd immunity close. Mortality has surged as well but seems to have peaked. Economic activity data for December were stronger than expected, though there are some issues about the quality of these statistics. China's real GDP growth for 2022 came in at 3%, below the previous target of 5% or more. Domestic and foreign investors have chased Chinese equities, with China's 'H'-share index, HSCEI, rising 50% in the last three months, while the CNY has also appreciated for the third month in a row.</p>
<p>Australia</p> <ul style="list-style-type: none"> Inflation proves sticky while the labour market remains historically tight The housing market is under great pressure with house prices collapsing further Australian equities power ahead, boosted by positive news of China's reopening 	<p>Consumer prices have remained stubbornly high even though input prices are easing, as shown by the slowing PPI. The trimmed mean CPI reached 6.9% YoY in Q4, surpassing market expectations. The unemployment rate remained at a historic low of 3.5% in December despite a slight uptick. Persistent high inflation, coupled with a tight labour market, will likely put pressure on the Reserve Bank of Australia (RBA) to do more. However, in light of the rapid decline in house prices, down by almost 9% YoY in January in five major capital cities, the RBA also needs to weigh the negative consequences of raising interest rates. Meanwhile, positive news regarding China's reopening has helped propel Australian equities to rally by about 8% in January, supported by a solid performance of material stocks.</p>
<p>ASEAN</p> <ul style="list-style-type: none"> Policy rates are peaking in Indonesia and Malaysia Trade data collapses as global demand cools Inflows into equity and bond markets pick up as market sentiment improves 	<p>Bank Indonesia (BI) and the Bank of Thailand (BoT) both raised their policy rates by 25bps, to 5.75% and 1.5% respectively, while Bank Negara Malaysia (BNM) decided to keep its rate on hold at 2.75%. While the BoT remains vigilant, citing potential inflation pressures, both BI and BNM signalled their rates may have peaked. Trade data across the region were disappointing, with semiconductor exporters particularly affected by the slowdown in global demand. On a positive note, news of China's reopening lifted market sentiment, leading to increased inflows into both bond and equity markets. Some rotations have also been observed, with Indonesian equities, which were outperformers last year, lagging Thai equities as the latter is the biggest beneficiary of China's reopening</p>
<p>LatAm</p> <ul style="list-style-type: none"> Equity markets begin the year with a positive performance, and Mexico has its best start of the year since 1995 Inflation is decelerating while monthly economic activity is contracting amid tight financial conditions The Congress in Chile approves a new constitutional process while fiscal uncertainty remains in Brazil 	<p>Currencies have appreciated amid higher commodity prices and a weaker US dollar, while the equity markets have shown positive returns. In Mexico equities have been the main outperformer in the region. The nearshoring of investments, a relatively quiet political landscape, and hopes of a soft landing in the US translated into a sharp rebound in the market. Despite fiscal uncertainty, Brazilian equities also showed positive returns, benefiting from higher iron ore and oil prices and healthier expectations about the interest rate path. On the economic side, monthly activity is contracting in the region, affected by the high interest rates.</p>

Valuation snapshot (MSCI Indices)

Current trailing valuations

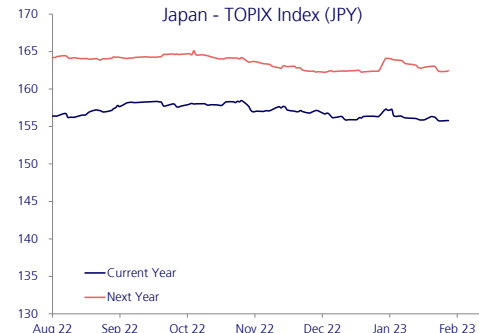
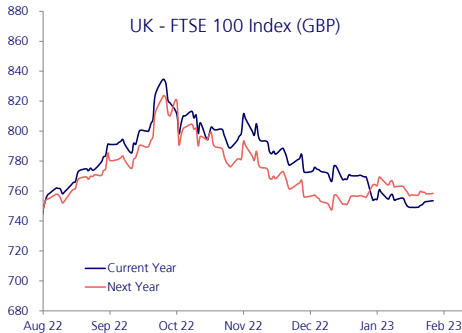
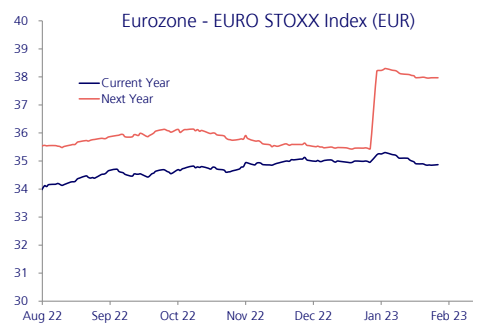
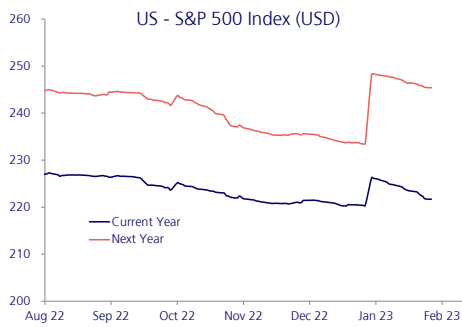
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.40	15.09	11.56	16.75	14.15	14.48	14.27	5.67	13.81
12m Trailing P/B	4.12	1.87	1.70	3.10	1.27	1.61	1.34	1.57	1.97
12m Trailing P/CF	14.95	7.47	7.86	9.92	9.10	8.73	8.03	5.18	7.07
Dividend Yield	1.59	3.03	3.70	2.92	2.50	3.09	2.52	14.07	3.49
ROE	20.17	12.42	14.72	18.51	8.95	11.12	9.40	27.75	14.30

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.19	0.88	0.67	0.98	0.82	0.84	0.83	0.33	0.80
12m Trailing P/B	1.57	0.71	0.65	1.18	0.48	0.61	0.51	0.60	0.75
12m Trailing P/CF	1.32	0.66	0.69	0.88	0.80	0.77	0.71	0.46	0.62
Dividend Yield	0.72	1.36	1.67	1.32	1.13	1.39	1.13	6.34	1.57
ROE	1.32	0.81	0.96	1.21	0.58	0.73	0.61	1.81	0.93

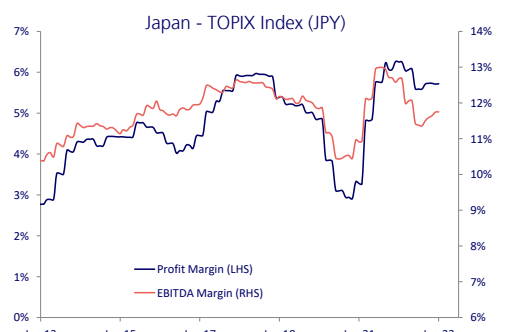
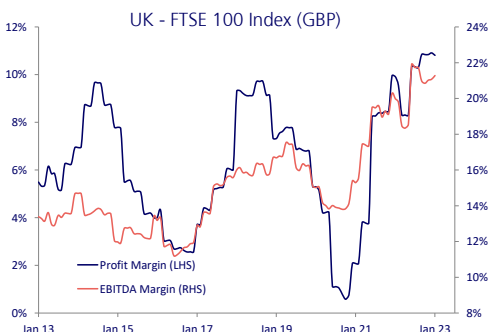
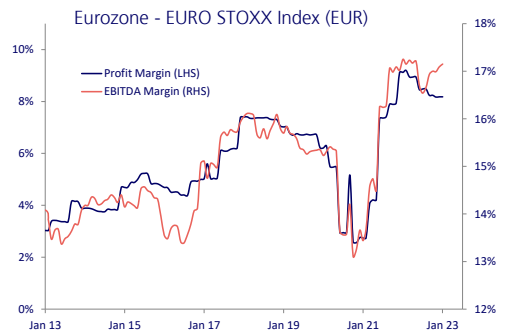
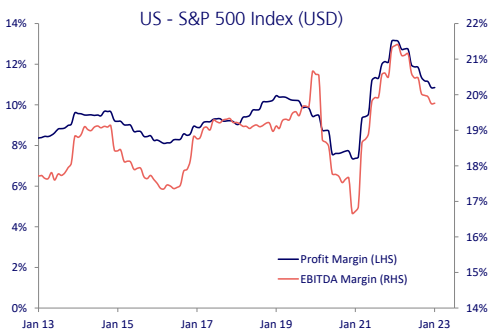
Source: Datastream

Earnings estimates - Full fiscal years



Source: Bloomberg

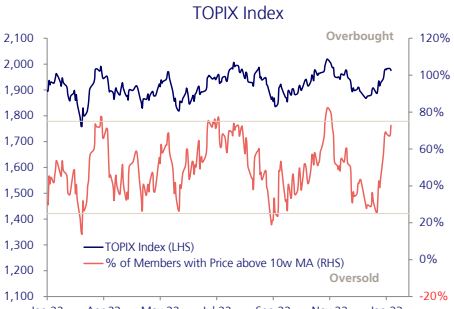
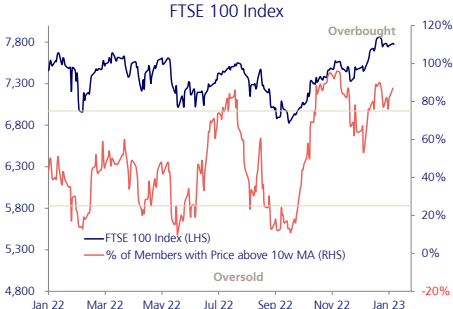
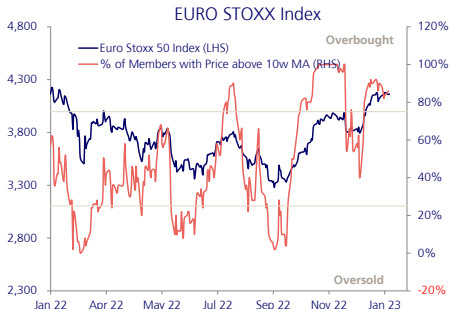
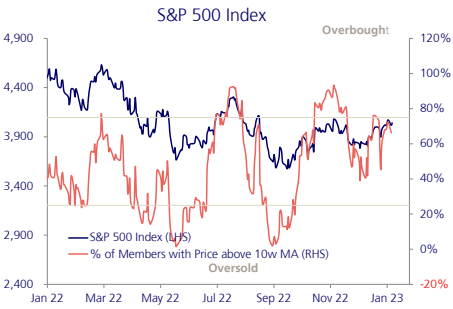
Historical margins



Source: Bloomberg

Source: Bloomberg

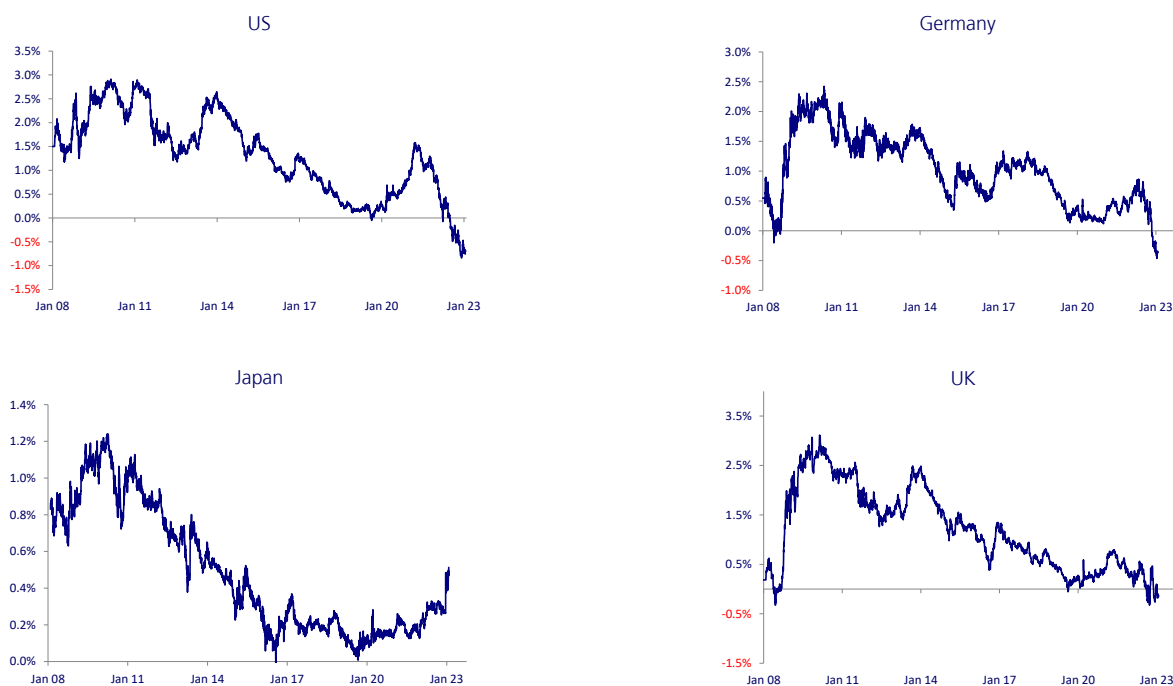
Overbought / Oversold



Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Feb-23	1m ago	3m ago	1yr ago
UK	-19	-20	-63	-49
Germany	-124	-130	-190	-175
Switzerland	-224	-226	-295	-169
Japan	-302	-345	-389	-161
Australia	3	18	-23	12
China	-61	-104	-147	92
South Korea	-24	-14	4	80
Malaysia	29	21	20	189
Indonesia	319	307	328	465
Thailand	-98		-93	31
Philippines	55	n/a	n/a	n/a
Brazil	977	n/a	776	947
Mexico	522	517	572	590
Colombia	874	917	1,022	n/a
Peru	452	410	408	434

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Feb-23	1m ago	3m ago	1yr ago
France	47	54	53	42
Netherlands	29	33	28	13
Belgium	57	65	59	33
Austria	64	63	70	25
Ireland	46	56	50	49
Italy	187	217	217	138
Spain	99	109	107	74
Portugal	90	102	98	66

Source: Bloomberg, ZIG

Economic data

US	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Trend*
ISM Manufacturing (Index)	57.6	58.4	57.0	55.9	56.1	53.1	52.7	52.9	51.0	50.0	49.0	48.4		down
ISM Non-Manufacturing (Index)	60.4	57.2	58.4	57.5	56.4	56.0	56.4	56.1	55.9	54.5	55.5	49.2		down
Durable Goods (% MoM)	3.1	-0.7	0.7	0.4	0.8	2.3	-0.1	0.2	0.2	0.7	-1.7	5.6		up
Consumer Confidence (Index)	111.1	105.7	107.6	108.6	103.2	98.4	95.3	103.6	107.8	102.2	101.4	109.0	107.1	up
Retail Sales (% MoM)	13.7	17.7	7.1	7.8	8.7	8.8	10.0	9.7	8.4	8.0	6.0	6.0		down
Unemployment Rate (%)	4.0	3.8	3.6	3.6	3.6	3.6	3.5	3.7	3.5	3.7	3.6	3.5		up
Avg Hourly Earnings YoY (% YoY)	6.7	6.7	6.7	6.6	6.4	6.4	6.2	6.0	5.8	5.6	5.5	5.0		down
Change in Payrolls ('000, MoM)	504.0	714.0	398.0	368.0	386.0	293.0	537.0	292.0	269.0	263.0	256.0	223.0		down
PCE (% YoY)	5.2	5.4	5.4	5.0	4.9	5.0	4.7	4.9	5.2	5.1	4.7	4.4		down
GDP (% QoQ, Annualized)			-1.6			-0.6			3.2			2.9		down
UK	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Trend*
PMI Services (Index)	54.1	60.5	62.6	58.9	53.4	54.3	52.6	50.9	50.0	48.8	48.8	49.9	48.0	down
Consumer Confidence (Index)	-19.0	-26.0	-31.0	-38.0	-40.0	-41.0	-41.0	-44.0	-49.0	-47.0	-44.0	-42.0	-45.0	up
Unemployment Rate (%)	4.0	3.8	3.7	3.8	3.8	3.8	3.6	3.5	3.6	3.7	3.7			down
CPI (% YoY)	5.5	6.2	7.0	9.0	9.1	9.4	10.1	9.9	10.1	11.1	10.7	10.5		up
GDP (% YoY)			10.7			4.0			1.9					
Eurozone	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Trend*
PMI Manufacturing (Index)	58.7	58.2	56.5	55.5	54.6	52.1	49.8	49.6	48.4	46.4	47.1	47.8	48.8	down
PMI Services (Index)	51.1	55.5	55.6	57.7	56.1	53.0	51.2	49.8	48.8	48.6	48.5	49.8	50.7	up
IFO Business Climate (Index)	95.9	98.8	90.8	92.0	93.2	92.3	88.9	88.8	84.3	84.5	86.4	88.6	90.2	up
Industrial Production (% MoM)	-0.8	0.5	-1.5	-0.2	1.4	1.0	-2.1	1.7	0.8	-1.9	1.0			down
Factory Orders GE (% MoM)	2.9	-1.4	-4.8	-1.6	-0.2	-0.2	1.3	-2.0	-2.9	0.6	-5.3			down
Unemployment Rate (%)	6.9	6.9	6.8	6.7	6.7	6.7	6.6	6.7	6.6	6.5	6.5			down
M3 Growth (% YoY, 3 months MA)	6.5	6.4	6.3	6.1	5.8	5.8	5.7	6.1	6.3	5.1	4.8	4.1		down
CPI (% YoY)	5.1	5.9	7.4	7.4	8.1	8.6	8.9	9.1	9.9	10.6	10.1	9.2		up
Core CPI (% YoY)	2.3	2.7	3.0	3.5	3.8	3.7	4.0	4.3	4.8	5.0	5.0	5.2		up
GDP (% QoQ)			0.6			0.9			0.3			0.1		down
Switzerland	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Trend*
KOF Leading Indicator (Index)	106.6	103.1	101.8	103.8	97.7	98.1	96.5	93.0	92.3	90.9	89.1	91.5	97.2	up
PMI Manufacturing (Index)	63.8	62.6	64.0	62.5	60.0	59.1	58.0	56.4	57.1	54.9	53.9	54.1		down
Real Retail Sales (% YoY)	6.4	13.3	-6.2	-5.7	-2.0	0.1	2.5	1.6	2.1	-2.5	-1.4	-2.8		down
Trade Balance (Billion, CHF)	3.1	5.9	2.8	4.1	3.1	3.7	3.4	3.7	4.4	4.2	2.4	2.8		down
CPI (% YoY)	1.6	2.2	2.4	2.5	2.9	3.4	3.4	3.5	3.3	3.0	3.0	2.8		down
Japan	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Trend*
Nomura Manufacturing PMI (Index)	55.4	52.7	54.1	53.5	53.3	52.7	52.1	51.5	50.8	50.7	49.0	48.9	48.9	down
Machine Orders (% YoY)	5.1	4.3	7.6	19.0	7.4	6.5	12.8	9.7	2.9	0.4	-3.7			down
Industrial Production (% YoY)	-0.8	0.5	-1.7	-4.9	-3.1	-2.8	-2.0	5.8	9.6	3.0	-0.9	-2.8		down
ECO Watchers Survey (Index)	35.9	36.6	48.9	50.7	52.6	51.8	43.5	44.8	49.6	51.1	49.7	49.0		up
Jobs to Applicants Ratio (Index)	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.4	1.4		up
Labour Cash Earnings (% YoY)	1.1	1.2	2.0	1.3	1.0	2.0	1.3	1.7	2.2	1.4	1.9			down
Department Store Sales (% YoY)	15.6	-0.7	4.6	19.0	57.8	11.7	9.6	26.1	20.2	11.4	4.5	4.0		down
Money Supply M2 (% YoY)	3.6	3.6	3.5	3.4	3.1	3.3	3.4	3.4	3.3	3.1	3.1	2.9		down
CPI Ex Food & Energy (% YoY)	-1.9	-1.8	-1.6	0.1	0.2	0.2	0.4	0.7	0.9	1.5	1.5	1.6		up
Exports (% YoY)	9.6	19.1	14.7	12.5	15.8	19.3	19.0	22.0	28.9	25.3	20.0	11.5		down
China	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Trend*
PMI Manufacturing (Index)	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	50.1	down
Industrial Production (% YoY)			5.0	-2.9	0.7	3.9	3.8	4.2	6.3	5.0	2.2	1.3		down
Retail Sales (% YoY)			-3.5	-11.1	-6.7	3.1	2.7	5.4	2.5	-0.5	-5.9	-1.8		down
PPI (% YoY)	9.1	8.8	8.3	8.0	6.4	6.1	4.2	2.3	0.9	-1.3	-1.3	-0.7		down
Exports (% YoY)	24.0	6.0	14.3	3.5	16.4	17.1	18.1	7.4	5.6	-0.3	-9.0	-9.9		down
CPI (% YoY)	0.9	0.9	1.5	2.1	2.1	2.5	2.7	2.5	2.8	2.1	1.6	1.8		down
RRR (%)	11.5	11.5	11.5	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.0	11.0	down
GDP (% YoY)			4.8			0.4			3.9			2.9		down
PMI Non Manufacturing (Index)	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	50.1	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Trend*
AiG Manufacturing (Index)	48.4	53.2	55.7	58.5	52.4	54.0	52.5	49.3	50.2	49.6	44.7			
AiG Service (Index)	56.2	60.0	56.2	57.8	49.2	48.8	51.7	53.3	48.0	47.7	45.6			down
Westpac Consumer Confidence (% MoM)	-2.0	-1.3	-4.2	-0.9	-5.6	-4.5	-3.0	-3.0	3.9	-0.9	-6.9	3.0	5.0	up
Building Approvals (% YoY)	-22.5	-8.6	-35.2	-24.3	-20.3	-17.4	-23.4	-7.9	-13.8	-6.2	-15.1			up
Employment Change ('000, MoM)	13.4	107.5	34.1	27.1	58.2	86.5	-19.8	48.5	9.1	43.7	58.3	-14.6		up

Brazil	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Trend*
CPI (% YoY)	10.4	10.5	11.3	12.1	11.7	11.9	10.1	8.7	7.2	6.5	5.9	5.8		down
Industrial Production (% YoY)	-5.0	-7.3	-4.1	-1.9	-0.5	0.5	-0.4	-0.4	2.8	0.4	1.7	0.9		up
Retail Sales (% YoY)	-2.9	-1.5	1.3	4.9	4.5	-0.2	-0.1	-5.3	1.6	3.2	2.7	1.5		up
Trade Balance (Millions, USD)	-57.4	4627.5	7585.6	8213.4	4957.7	8883.5	5362.6	4101.6	3688.1	3496.6	6672.0	4779.0		up
Budget Balance Primary (Billions, BRL)	84.1	-22.5	-26.5	-41.0	-66.0	-83.8	-22.5	-65.9	-60.6	-14.5	-70.4	-70.8		down

Chile	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Trend*
IMACEC Economic Activity Index (% YoY)	8.87	6.84	6.58	6.66	6.35	3.79	0.73	0.38	-0.30	-1.24	-2.53			down
CPI (% YoY)	7.70	7.81	9.41	10.52	11.55	12.49	13.12	14.09	13.73	12.81	13.34	12.79		down
Retail Sales (% YoY)	10.62	11.02	19.58	-5.26	-6.08	-11.14	-13.44	-14.64	-12.49	-15.13	-11.15			up
Industrial Production (% YoY)	-1.10	-2.96	0.85	-3.61	1.78	-1.49	-5.07	-5.04	-1.58	-4.16	-5.02	-0.99		up
Unemployment (%)	7.30	7.50	7.80	7.70	7.80	7.80	7.90	7.90	8.00	8.00	7.90	7.90		neutral

Mexico	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Trend*
PMI (Index)	48.3	51.0	51.8	52.4	50.9	49.5	51.3	49.6	50.4	50.2	51.1	51.8		up
CPI (% YoY)	7.1	7.3	7.5	7.7	7.7	8.0	8.2	8.7	8.7	8.4	7.8	7.8		down
Retail Sales (% YoY)	6.6	6.3	3.7	4.6	5.1	4.0	5.0	4.7	3.3	3.8	2.4			down
Industrial Production (% YoY)	3.1	6.6	3.3	3.6	6.6	5.2	5.3	8.1	8.4	5.3	4.6			down
Remittances (Millions, USD)	3918.2	3911.3	4692.5	4707.8	5141.9	5144.0	5301.4	5123.8	5036.8	5359.8	4801.1			down

Datascource: Bloomberg

*Trend = Last 3m - Previous 3m

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