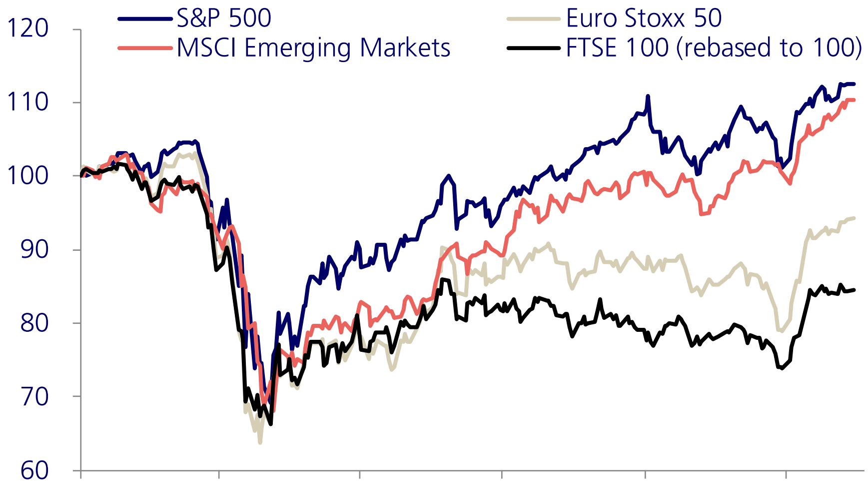
December 1, 2020

# Monthly Investment Insights

## Rotation



Source: Bloomberg

November was one of the best months ever for global equity markets with the MSCI All Country World Index up around 12%. There was also a substantial rotation by investors into the more cyclical and so-called value sectors, which led to an outperformance over the month by Emerging Markets and Europe relative to the US.

The cause of the November rally was a reduction in uncertainty as the result of two significant developments: positive news regarding potential vaccines and what appears to be a clear outcome for the US presidential election. In particular, the Pfizer/BioNTech and Moderna vaccine phase three results, announced on November 9 and 16 respectively, showed very high efficacy rates in the 90% range, which was higher than expected, with few notable negative side-effects.

Investors now have greater clarity and confidence that as vaccines are rolled out in 2021, we will see a return to normal life and a rebound in economic activity. At the same time, large-scale monetary and fiscal stimulus will remain in place. The result is a very positive outlook for risk assets. In particular, cyclical and value sectors such as transports, retailers and financials outperformed on the vaccine news. This helped equity markets outside the US that have a higher weighting towards these sectors. Indeed, on the day of the first Pfizer/BioNTech vaccine phase three results announcement, the Euro Stoxx 50 rallied 6.4%. We have argued for some time that 2021 would be the year of recovery and a return to normality for the global economy.

December is likely to be a busy month on the policy front, which could still be a source of some volatility. At the time of writing Brexit negotiations continue without resolution in Europe, while last-minute objections from Poland and Hungary are holding up parliamentary ratification of the EUR 750bn Next Gen EU initiative. In the US, Democrats and Republicans are still debating the size and make-up of a further stimulus package but do not seem close to agreement. Nevertheless, central banks are likely to remain accommodative and should continue to provide substantial liquidity that, combined with an improving economic outlook, will allow risk assets to run higher in the medium-term. Indeed, we expect the ECB to announce significant extra stimulus at its December 10 policy meeting. Overall, we maintain our positive stance towards risk assets, especially credit, and are encouraged by the news on vaccine developments.

## Market Assessment

**Key developments**

- Positive vaccine news and the resolution of the US presidential election reduce uncertainty for investors
- Value and cyclical stocks are favoured as investors see the global economy reopening
- Equity markets outside the US outperform, though the US also does well as small caps rebound

**Zurich's view**

With the encouraging news on vaccine development, investors can now see clearly what the contours of a recovery will look like in 2021. This led to further gains in global stock markets and the US S&P 500 also hit a record high. While momentum is strong, there are some risks given how exuberant investment sentiment and flows have become by some measures.

Indeed, we prefer to express our optimistic view on risk assets via credit markets where we think the risk-reward to an overweight position is most attractive. The credit outlook remains constructive as supply/demand dynamics are robust. Supply is dwindling from overfunded companies, while demand remains strong driven by an income allure relative to low government bond yields in a global liquidity glut. While credit fundamentals remain weak, we anticipate a slow improvement into 2021, with default rates and downgrade volumes expected to decline. Core government bond yields should stay rangebound, though with a small upward bias as the global economy gradually heals from the COVID-19 crisis.

| | Key developments | Zurich's view |
|---|---|---|
| Global | • Renewed restrictions and lockdowns will weigh on activity near term, but a double dip recession should be avoided<br>• Services are more severely impacted by the second infection wave, while manufacturing appears relatively resilient<br>• Benign global inflation allows central banks to remain accommodative, while fiscal support is extended | The global economy lost momentum in November, reflecting renewed restrictions and lockdowns. Services activity, particularly in the Eurozone, was most impacted, while goods production appears to be running at a firm pace. Leading global trade indicators remain upbeat, helped by a strong tech cycle but also supported by broader goods and auto demand. Economic conditions should deteriorate over the winter months, but significant stimulus and positive vaccine development should bolster sentiment and spending. A double-dip global recession is therefore unlikely. Inflation is benign, allowing global central banks to maintain an accommodative stance, with further rate cuts and asset purchases, along with extended fiscal support measures. |
| US | • The S&P 500 reaches a record high on the election outcome and positive vaccine news<br>• New shutdown measures will weigh on economic activity in the near-term<br>• A strong housing market remains a bright spot, while consumer confidence has suffered | The S&P 500 soared to a new record high as the outcome of the presidential election and positive news on vaccines against COVID-19 boosted investor sentiment. In the near term, shutdown measures to fight a surge in new infections are likely to weigh on economic activity. An agreement on additional fiscal support to bridge the gap will be difficult to achieve given the political situation. If the Republicans win at least one of the two open seats in Georgia in January, Joe Biden will begin his presidency without a majority in the Senate. This will make it very difficult to push through most of his key programs announced ahead of the election. Given that this makes significant tax hikes unlikely, it also removes one of the potential headwinds for corporate profits. |
| UK | • GDP rebounds by 15.5% in Q3 but remains almost 10% below its level a year ago<br>• The economy faces another contraction in Q4 as new lockdown measures weigh on activity<br>• The government extends the furlough program while the BoE boost its QE program by another GBP 150bn | Driven by a strong recovery in consumer spending GDP rebounded by 15.5% QoQ in the third quarter, following the drop of 19.8% in Q2. This still leaves GDP almost 10% below the level from a year ago, however, new lockdown measures to fight the surge in infections are likely to lead to another contraction in Q4. The Composite PMI fell back to contractionary territory with the Services PMI dropping to 45.8, a post-recession low. The unemployment rate rose to 4.8% in September and the employment situation is expected to deteriorate further. The government's recent extension of the furlough program will at least help to mitigate the near-term impact on the labour market. More support is also being provided by the Bank of England as it extends its asset purchase program by another GDP 150bn. |
| Eurozone | • Good news on vaccines leads to a strong rally in Eurozone equities as investors rotate into value and cyclicals sectors<br>• Business and consumer confidence fall sharply in November, suggesting Q4 GDP growth will be negative<br>• Last-minute objections from Poland and Hungary delay ratification of the EUR 1.1trn EU multi-annual budget and the EUR 750bnNextGen EU initiative | Various measures of business and consumer confidence fell sharply in November as lockdown restrictions were tightened. While this was largely expected, it suggests that overall activity in Q4 will contract, even if restrictions are gradually eased in December and January. However, a contraction in Q4 will be nowhere near as severe as in Q2. Furthermore, we expect activity to rebound rapidly in 2021, especially as vaccines are rolled out. Indeed, the good news on the efficacy of various vaccines in November propelled equities higher as investors looked through the temporary hit to growth from further lockdown measures. Value and cyclical sectors were particularly favoured, helping propel the Euro Stoxx 50 up around 19% in November, with the Spanish stock market up 26%. |
| Switzerland | • Macro data weakens further, as renewed restrictions take a toll on services and trade activity<br>• The deflationary environment persists, with ongoing downward pressure on both costs and prices<br>• The SNB maintains its policy stance, leaving rates on hold and intervening in forex markets | Macro data have softened, reflecting the surge in infection rates and renewed restrictions, both in Switzerland and its major trading partners. The Manufacturing PMI and the broader KOF leading indicator edged lower in October, reflecting weaker services activity and foreign demand. Exports stagnated after a sharp rebound over the summer, and sentiment slumped before rebounding more recently reflecting positive vaccine news. While the near-term outlook should weaken further, the relatively light-touch and targeted approach that Switzerland has adopted during the second wave, along with expanded support measures, means that we do not expect a renewed contraction. The SNB is expected to remain on hold, with ongoing forex interventions. |

| | Key developments | Zurich's view |
|---|---|---|
| Japan | • A third COVID-19 wave with record high infections is hitting Japan<br>• The economy has recovered, but is showing signs of fatigue<br>• Japanese equities are inching higher, but are not able to outperform globally | A third COVID-19 wave is hitting Japan, with record high infections, and the highest alert level in Tokyo. However, on a per capita basis, infections are far smaller than in Europe or the Americas. Following a steep recovery, Japan's economy seems to be rolling over again, as the latest PMIs, which remain below the 50 boom/bust line, suggest. Export volumes have recovered back to pre-crisis levels on strong demand from China. Capex remains in the doldrums this year but is likely to recover next year on digital transformation investments. While the equal-weighted Nikkei 225 Index has marked a 29-year high, the broader market cap-weighted Topix and MSCI Japan indices are lagging. In relative terms, Japanese equities continue to move roughly in line with the MSCI World. |
| China | • China's economy remains in a broad economic upswing<br>• The labour market keeps recovering from the challenging conditions of H1<br>• Chinese equities continue to advance, but have recently underperformed | China's economy continues to perform well in Q4, surpassing last year's activity level. Consumption, industrial production and fixed asset investment keep growing at a steady pace, while labour market conditions have improved markedly compared to the first half of the year. Services activity has also picked up swiftly, with only a few segments lagging. Exports remain firm, evenly split between pandemic related categories like masks, medical equipment and home business related electronic goods on the one side and traditional goods on the other side. China is a core member of Asia's new Regional Comprehensive Economic Partnership (RCEP). While the MSCI China Index continues to move higher, it has recently underperformed its global peers, while the CNY keeps strengthening. |
| Australia | • Victoria's activity shows signs of recovery post lockdown<br>• The Reserve Bank of Australia (RBA) plans to purchase AUD 100bn in government bonds over the next six months<br>• Equities rally, supported by encouraging news around effective vaccines | Victoria's reopening allowed its economic activity to recover robustly, supported by pent-up demand. Retail sales rose by 5.2% MoM in October while local job growth started to pick up noticeably. The RBA lowered its key interest rates, including the cash rate and the three-year yield curve control rate from 0.25% to 0.1% in November. Notably, the central bank announced it would purchase around AUD 100bn in government bonds with maturities between five and 10 years in the next six months. The additional liquidity injection by the RBA should support risk assets, particularly equities. The MSCI Australia Index has rallied by almost 10% since early November. We expect stock prices to rise further on the back of a better economic outlook, supported by the potential distribution of vaccines next year. |
| ASEAN | • Q3 GDP data point to a multi-speed recovery with the ASEAN economy<br>• Bank Indonesia (BI) and Bangko Sentral ng Pilipinas (BSP) deliver additional policy rate cuts<br>• ASEAN's equities surge while bond yields remain low | Q3 GDP data suggested a decent rebound in economic activity in ASEAN. However, the speed of the recovery was uneven amongst nations. Vietnam was the only country that registered growth on a YoY basis in Q3. The success of Malaysia and Singapore in containing the pandemic in Q3 helped these economies to rebound swiftly QoQ. To the contrary, the Philippines' lingering high infection rates and additional lockdown measures halted its economic recovery. The MSCI ASEAN Index surged by around 18% in November, after having tradined sideways for the prior five months, reflecting the risk-on sentiment amongst investors on the back of positive news around effective vaccines. Flows into local bond markets were buoyant with a gradual return of foreign capital inflows. |

## Valuation snapshot (MSCI Indices)

### Current trailing valuations

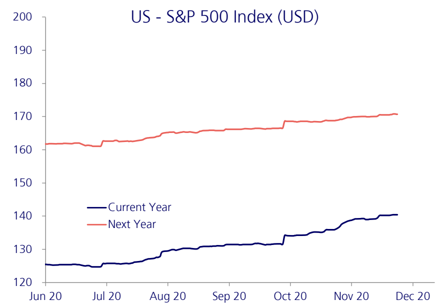
| | US | Europe ex UK | UK | Switzerland | Japan | APAC ex. Japan | China | Brazil | Mexico |
|---|---|---|---|---|---|---|---|---|---|
| 12m Trailing P/E | 27.97 | 20.09 | 15.20 | 19.28 | 20.70 | 19.52 | 18.86 | 20.54 | 20.89 |
| 12m Trailing P/B | 3.83 | 1.75 | 1.34 | 2.92 | 1.28 | 1.77 | 2.09 | 1.92 | 1.66 |
| 12m Trailing P/CF | 16.72 | 10.46 | 7.61 | 14.54 | 8.05 | 10.79 | 11.83 | 8.08 | 8.28 |
| Dividend Yield | 1.68 | 2.55 | 3.87 | 2.99 | 2.29 | 2.32 | 1.59 | 3.18 | 2.74 |
| ROE | 13.68 | 8.69 | 8.79 | 15.13 | 6.19 | 9.06 | 11.08 | 9.36 | 7.96 |

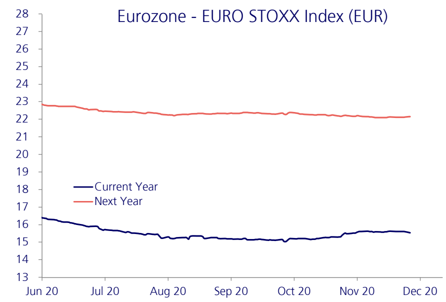
### Current trailing valuations relative to MSCI world

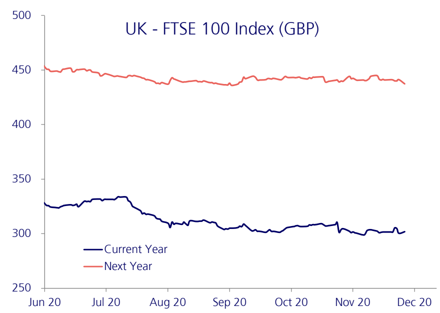
| | US | Europe ex UK | UK | Switzerland | Japan | APAC ex. Japan | China | Brazil | Mexico |
|---|---|---|---|---|---|---|---|---|---|
| 12m Trailing P/E | 1.19 | 0.85 | 0.65 | 0.82 | 0.88 | 0.83 | 0.80 | 0.87 | 0.89 |
| 12m Trailing P/B | 1.59 | 0.72 | 0.55 | 1.21 | 0.53 | 0.73 | 0.87 | 0.80 | 0.69 |
| 12m Trailing P/CF | 1.32 | 0.83 | 0.60 | 1.15 | 0.64 | 0.85 | 0.94 | 0.64 | 0.66 |
| Dividend Yield | 0.80 | 1.22 | 1.85 | 1.43 | 1.10 | 1.11 | 0.76 | 1.52 | 1.31 |
| ROE | 1.33 | 0.85 | 0.86 | 1.48 | 0.60 | 0.88 | 1.08 | 0.91 | 0.78 |

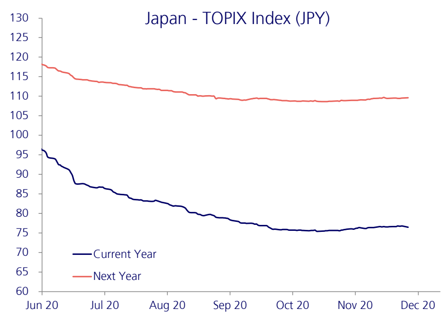
Source: Datastream

## Earnings estimates - Full fiscal years



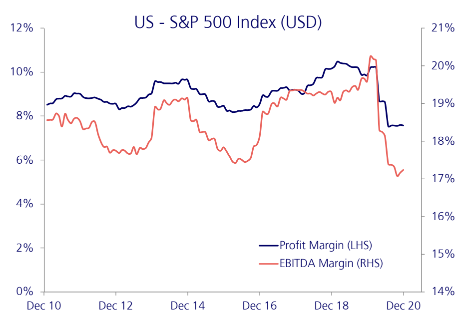



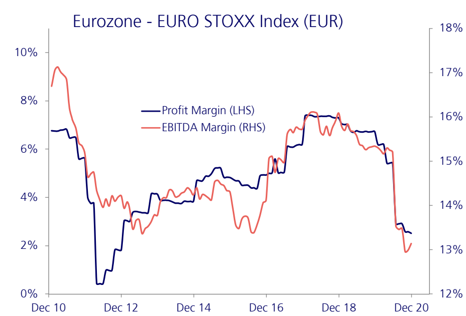



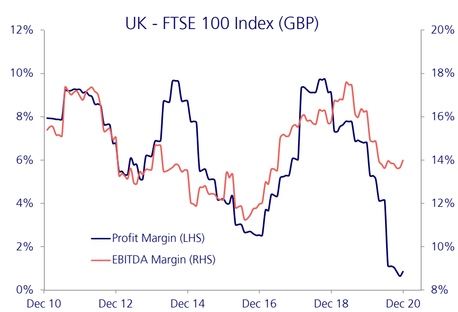



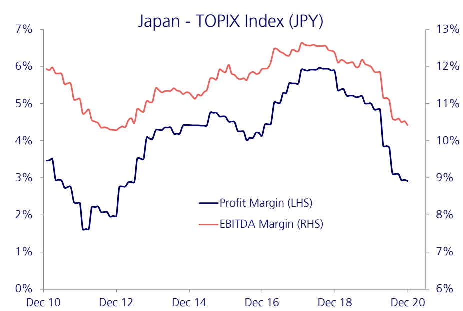

Source: Bloomberg

## Historical margins



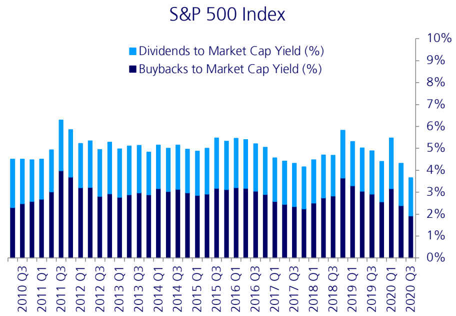



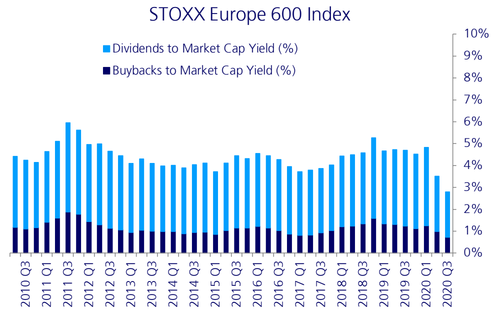



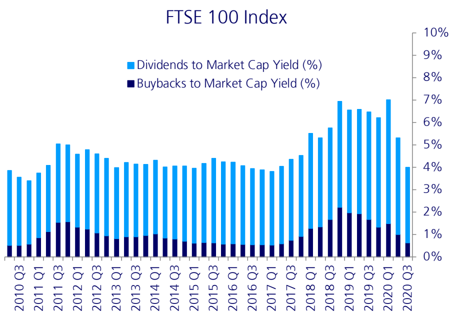



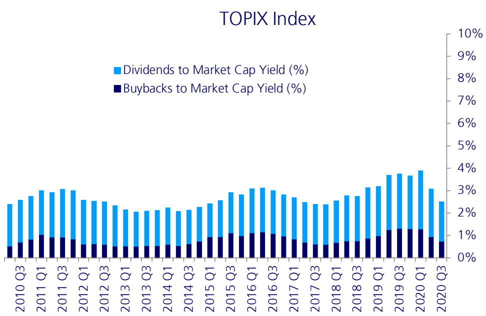

Source: Bloomberg

## Dividends and shares buybacks



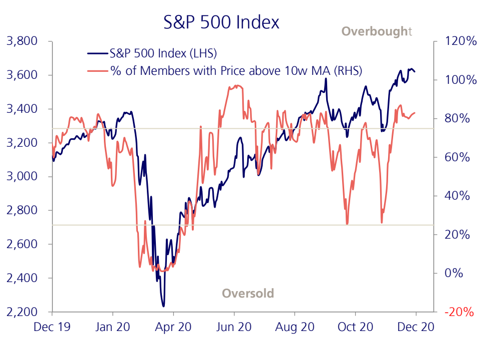



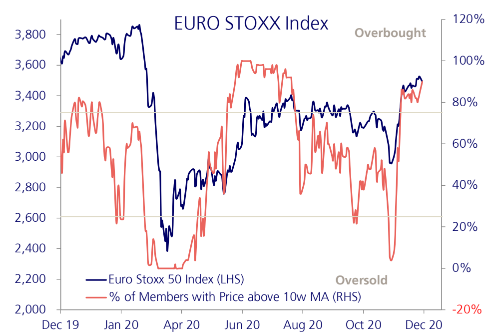



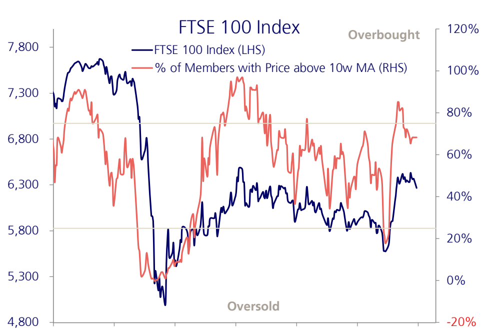



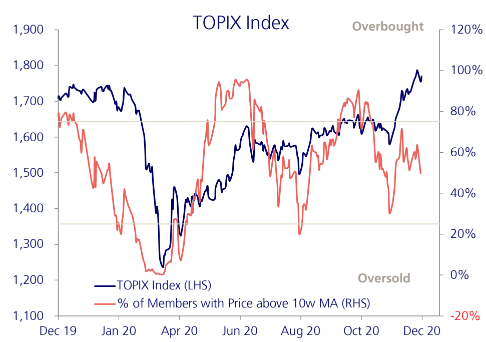

Source: Bloomberg

## Overbought / Oversold



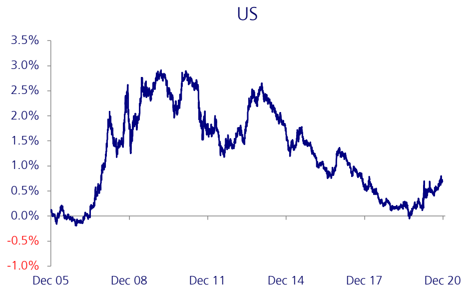



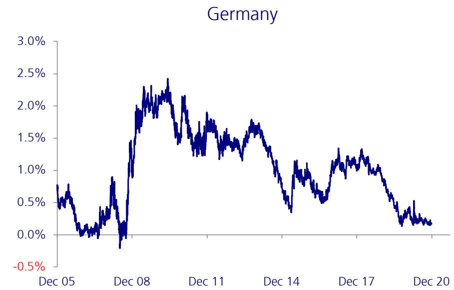



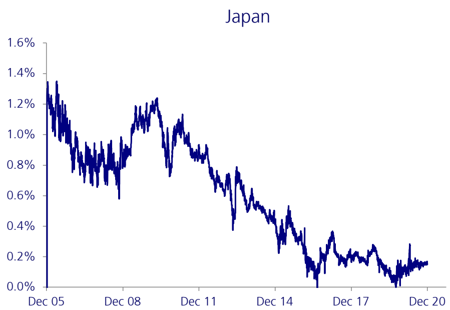

Source: Bloomberg

Appendix 3

## Yield Curve Steepness (2yr-10yr)





Source: Bloomberg

## Spread Snapshot

Generic Government Yields (10yr)

| | Spread over US Treasury (bps) | | | |
|---|---|---|---|---|
| Country | Dec-20 | 1m ago | 3m ago | 1yr ago |
| UK | -54 | -61 | -42 | -108 |
| Germany | -142 | -150 | -112 | -210 |
| Switzerland | -136 | -141 | -112 | -240 |
| Japan | -82 | -83 | -60 | -186 |
| Australia | 7 | -5 | 29 | -72 |
| China | 244 | 231 | 246 | 139 |
| South Korea | 82 | 68 | 89 | -12 |
| Malaysia | 190 | 175 | 191 | 161 |
| Indonesia | 534 | 573 | 630 | 532 |
| Thailand | 46 | | 77 | -20 |
| Philippines | 322 | n/a | n/a | n/a |
| Brazil | 711 | n/a | n/a | 511 |
| Mexico | 495 | 543 | 540 | 533 |
| Colombia | 467 | 490 | n/a | 480 |
| Peru | 307 | 334 | 341 | 247 |

Generic Government Yields (10yr)

| | Spread over German Bund (bps) | | | |
|---|---|---|---|---|
| Country | Dec-20 | 1m ago | 3m ago | 1yr ago |
| France | 25 | 28 | 29 | 31 |
| Netherlands | 9 | 12 | 12 | 14 |
| Belgium | 20 | 24 | 26 | 29 |
| Austria | 16 | 19 | 17 | 23 |
| Ireland | 31 | 37 | 34 | 37 |
| Italy | 120 | 139 | 145 | 163 |
| Spain | 65 | 76 | 80 | 77 |
| Portugal | 61 | 73 | 82 | 74 |

Source: Bloomberg, ZIG

## Economic data

| **US** | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ISM Manufacturing (Index) | 48.1 | 47.8 | 50.9 | 50.1 | 49.1 | 41.5 | 43.1 | 52.6 | 54.2 | 56.0 | 55.4 | 59.3 | | up |
| ISM Non-Manufacturing (Index) | 53.9 | 54.9 | 55.5 | 57.3 | 52.5 | 41.8 | 45.4 | 57.1 | 58.1 | 56.9 | 57.8 | 56.6 | | up |
| Durable Goods (% MoM) | -2.6 | 2.8 | -0.2 | 2.0 | -16.7 | -18.3 | 15.0 | 7.7 | 11.8 | 0.4 | 2.1 | 1.3 | | down |
| Consumer Confidence (Index) | 126.8 | 128.2 | 130.4 | 132.6 | 118.8 | 85.7 | 85.9 | 98.3 | 91.7 | 86.3 | 101.3 | 101.4 | 96.1 | up |
| Retail Sales (% MoM) | 3.3 | 5.6 | 4.9 | 4.5 | -5.6 | -19.9 | -5.6 | 2.2 | 2.7 | 3.6 | 5.9 | 5.7 | | up |
| Unemployment Rate (%) | 3.5 | 3.5 | 3.6 | 3.5 | 4.4 | 14.7 | 13.3 | 11.1 | 10.2 | 8.4 | 7.9 | 6.9 | | down |
| Avg Hourly Earnings YoY (% YoY) | 3.5 | 3.2 | 3.3 | 3.3 | 3.5 | 7.7 | 6.6 | 5.4 | 4.7 | 4.8 | 4.5 | 4.5 | | down |
| Change in Payrolls ('000, MoM) | 261.0 | 184.0 | 214.0 | 251.0 | -1373.0 | -20787.0 | 2725.0 | 4781.0 | 1761.0 | 1493.0 | 672.0 | 638.0 | | down |
| PCE (% YoY) | 1.6 | 1.6 | 1.8 | 1.9 | 1.7 | 0.9 | 1.0 | 1.1 | 1.3 | 1.5 | 1.6 | 1.4 | | up |
| GDP (%, QoQ, Annualized) | | 2.4 | | | -5.0 | | | -31.4 | | | 33.1 | | | |

| **UK** | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PMI Services (Index) | 49.3 | 50.0 | 53.9 | 53.2 | 34.5 | 13.4 | 29.0 | 47.1 | 56.5 | 58.8 | 56.1 | 51.4 | 45.8 | down |
| Consumer Confidence (Index) | -14.0 | -11.0 | -9.0 | -7.0 | -9.0 | -34.0 | -34.0 | -30.0 | -27.0 | -27.0 | -25.0 | -31.0 | -33.0 | down |
| Unemployment Rate (%) | 3.8 | 3.8 | 3.9 | 4.0 | 4.0 | 4.0 | 4.1 | 4.1 | 4.3 | 4.5 | 4.8 | | | down |
| CPI (% YoY) | 1.5 | 1.3 | 1.8 | 1.7 | 1.5 | 0.8 | 0.5 | 0.6 | 1.0 | 0.2 | 0.5 | 0.7 | | down |
| GDP (% YoY) | | 1.0 | | | -2.1 | | | -21.5 | | | -9.6 | | | |

| **Eurozone** | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PMI Manufacturing (Index) | 46.9 | 46.3 | 47.9 | 49.2 | 44.5 | 33.4 | 39.4 | 47.4 | 51.8 | 51.7 | 53.7 | 54.8 | 53.6 | up |
| PMI Services (Index) | 51.9 | 52.8 | 52.5 | 52.6 | 26.4 | 12.0 | 30.5 | 48.3 | 54.7 | 50.5 | 48.0 | 46.9 | 41.3 | down |
| IFO Business Climate (Index) | 94.5 | 95.8 | 95.2 | 95.7 | 86.6 | 75.4 | 80.4 | 86.2 | 90.2 | 92.4 | 93.2 | 92.5 | 90.7 | up |
| Industrial Production (% MoM) | -0.3 | -2.0 | 2.2 | 0.0 | -11.7 | -18.0 | 12.5 | 9.5 | 5.3 | 0.6 | -0.4 | | | down |
| Factory Orders GE (% MoM) | -1.1 | -1.5 | 4.8 | -1.3 | -14.9 | -26.0 | 10.4 | 28.8 | 3.3 | 4.9 | 0.5 | | | down |
| Unemployment Rate (%) | 7.4 | 7.4 | 7.4 | 7.3 | 7.2 | 7.4 | 7.6 | 7.9 | 8.1 | 8.3 | 8.3 | | | down |
| M3 Growth (% YoY, 3 months MA) | 5.6 | 4.9 | 5.2 | 5.5 | 7.5 | 8.2 | 9.0 | 9.3 | 10.1 | 9.5 | 10.4 | 10.5 | | up |
| CPI (% YoY) | 1.0 | 1.3 | 1.4 | 1.2 | 0.7 | 0.3 | 0.1 | 0.3 | 0.4 | -0.2 | -0.3 | -0.3 | | down |
| Core CPI (% YoY) | 1.3 | 1.3 | 1.1 | 1.2 | 1.0 | 0.9 | 0.9 | 0.8 | 1.2 | 0.4 | 0.2 | 0.2 | | down |
| GDP (% QoQ) | | 0.0 | | | -3.7 | | | -11.8 | | | 12.6 | | | |

| **Switzerland** | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| KOF Leading Indicator (Index) | 89.8 | 94.1 | 98.6 | 99.2 | 88.0 | 54.6 | 52.3 | 65.7 | 86.9 | 107.4 | 109.9 | 106.3 | 103.5 | up |
| PMI Manufacturing (Index) | 48.5 | 48.8 | 47.8 | 49.5 | 43.7 | 40.7 | 42.1 | 41.9 | 49.2 | 51.8 | 53.1 | 52.3 | | up |
| Real Retail Sales (% YoY) | 1.3 | 1.0 | 0.2 | 0.9 | -6.1 | -19.1 | 7.0 | 3.0 | 4.0 | 3.7 | 0.4 | 3.1 | | down |
| Trade Balance (Billion, CHF) | 3.9 | 2.0 | 4.7 | 3.5 | 3.9 | 4.0 | 2.6 | 3.2 | 3.3 | 3.6 | 3.1 | 3.9 | | up |
| CPI (% YoY) | -0.1 | 0.2 | 0.2 | -0.1 | -0.5 | -1.1 | -1.4 | -1.3 | -0.9 | -0.9 | -0.8 | -0.6 | | up |

| **Japan** | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nomura Manufacturing PMI (Index) | 48.9 | 48.4 | 48.8 | 47.8 | 44.8 | 41.9 | 38.4 | 40.1 | 45.2 | 47.2 | 47.7 | 48.7 | 49.0 | up |
| Machine Orders (% YoY) | 5.3 | -3.5 | -0.3 | -2.4 | -0.7 | -17.7 | -16.3 | -22.5 | -16.2 | -15.2 | -11.5 | | | up |
| Industrial Production (% YoY) | -8.5 | -3.7 | -2.4 | -5.7 | -5.2 | -15.0 | -26.3 | -18.2 | -15.5 | -13.8 | -9.0 | -3.2 | | up |
| ECO Watchers Survey (Index) | 39.2 | 40.7 | 40.6 | 27.4 | 15.9 | 9.5 | 15.4 | 38.0 | 41.3 | 43.3 | 48.7 | 53.6 | | up |
| Jobs to Applicants Ratio (Index) | 1.6 | 1.6 | 1.5 | 1.5 | 1.4 | 1.3 | 1.2 | 1.1 | 1.1 | 1.0 | 1.0 | 1.0 | | down |
| Labour Cash Earnings (% YoY) | 0.1 | -0.2 | 1.0 | 0.7 | 0.1 | -0.7 | -2.3 | -2.0 | -1.5 | -1.3 | -0.9 | | | up |
| Department Store Sales (% YoY) | -6.0 | -5.0 | -3.1 | -12.2 | -33.4 | -72.8 | -65.6 | -19.1 | -20.3 | -22.0 | -33.6 | -1.7 | | up |
| Money Supply M2 (% YoY) | 2.7 | 2.7 | 2.8 | 3.0 | 3.2 | 3.7 | 5.1 | 7.2 | 7.9 | 8.6 | 9.0 | 9.0 | | up |
| CPI Ex Food & Energy (% YoY) | 0.5 | 0.5 | 0.4 | 0.2 | 0.3 | -0.1 | 0.1 | 0.2 | 0.3 | -0.4 | -0.3 | -0.4 | | down |
| Exports (% YoY) | -7.9 | -6.3 | -2.6 | -1.0 | -11.7 | -21.9 | -28.3 | -26.2 | -19.2 | -14.8 | -4.9 | -0.2 | | up |

| **China** | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PMI Manufacturing (Index) | 50.2 | 50.2 | 50.0 | 35.7 | 52.0 | 50.8 | 50.6 | 50.9 | 51.1 | 51.0 | 51.5 | 51.4 | 52.1 | up |
| Industrial Production (% YoY) | 6.2 | 6.9 | | | -1.1 | 3.9 | 4.4 | 4.8 | 4.8 | 5.6 | 6.9 | 6.9 | | up |
| Retail Sales (% YoY) | 8.0 | 8.0 | | | -15.8 | -7.5 | -2.8 | -1.8 | -1.1 | 0.5 | 3.3 | 4.3 | | up |
| PPI (% YoY) | -1.4 | -0.5 | 0.1 | -0.4 | -1.5 | -3.1 | -3.7 | -3.0 | -2.4 | -2.0 | -2.1 | -2.1 | | up |
| Exports (% YoY) | -1.3 | 7.9 | | | -6.6 | 3.4 | -3.2 | 0.5 | 7.2 | 9.5 | 9.9 | 11.4 | | up |
| CPI (% YoY) | 4.5 | 4.5 | 5.4 | 5.2 | 4.3 | 3.3 | 2.4 | 2.5 | 2.7 | 2.4 | 1.7 | 0.5 | | down |
| RRR (%) | 13.0 | 13.0 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | neutral |
| GDP (% YoY) | | 6.0 | | | -6.8 | | | 3.2 | | | 4.9 | | | up |
| PMI Non Manufacturing (Index) | 50.2 | 50.2 | 50.0 | 35.7 | 52.0 | 50.8 | 50.6 | 50.9 | 51.1 | 51.0 | 51.5 | 51.4 | 52.1 | up |
| Aggregate Financing (Billions, CNY) | | | | | | | | | | | | | | neutral |

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

## Economic data

| Australia | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AiG Manufacturing (Index) | 48.1 | 48.3 | 45.4 | 44.3 | 53.7 | 35.8 | 41.6 | 51.5 | 53.5 | 49.3 | 46.7 | 56.3 | 52.1 | up |
| AiG Service (Index) | 53.7 | 48.7 | 47.4 | 47.0 | 38.7 | 27.1 | 31.6 | 31.5 | 44.0 | 42.5 | 36.2 | 51.4 | | up |
| Westpac Consumer Confidence (% MoM) | 4.5 | -1.9 | -1.8 | 2.3 | -3.8 | -17.7 | 16.4 | 6.3 | -6.1 | -9.5 | 18.0 | 11.9 | 2.5 | up |
| Building Approvals (% YoY) | -1.9 | 9.9 | -7.8 | -2.4 | 2.9 | 7.3 | -9.6 | -14.1 | 7.9 | 1.0 | 9.9 | 14.3 | | up |
| Employment Change ('000, MoM) | 30.4 | 32.0 | 11.6 | 19.7 | -3.0 | -607.4 | -264.2 | 227.8 | 119.2 | 165.2 | -42.5 | 178.8 | | up |

| Brazil | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CPI (% YoY) | 3.3 | 4.3 | 4.2 | 4.0 | 3.3 | 2.4 | 1.9 | 2.1 | 2.3 | 2.4 | 3.1 | 3.9 | | up |
| Industrial Production (% YoY) | 1.3 | -1.7 | -1.3 | -0.9 | -0.3 | -3.8 | -27.6 | -21.8 | -8.8 | -2.7 | -2.5 | 3.4 | | up |
| Retail Sales (% YoY) | 4.3 | 3.1 | 2.6 | 1.4 | 4.7 | -1.1 | -17.1 | -7.4 | 0.5 | 5.5 | 6.2 | 7.3 | | up |
| Trade Balance (Millions, USD) | 3564.6 | 5946.9 | -1678.7 | 2325.2 | 3832.7 | 5989.1 | 4153.4 | 7062.8 | 7945.9 | 6357.0 | 5967.9 | 5472.6 | | down |
| Budget Balance Primary (Billions, BRL) | -53.2 | -38.4 | 19.1 | -49.4 | -79.7 | -115.8 | -140.4 | -210.2 | -86.9 | -121.9 | -103.4 | -30.9 | | up |

| Chile | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| IMACEC Economic Activity Index (% YoY) | -3.98 | 0.77 | 1.39 | 3.26 | -3.47 | -14.18 | -15.18 | -12.94 | -10.70 | -11.33 | -5.31 | | | up |
| CPI (% YoY) | 2.79 | 3.00 | 3.46 | 3.89 | 3.74 | 3.42 | 2.75 | 2.63 | 2.50 | 2.45 | 3.09 | 2.95 | | up |
| Retail Sales (% YoY) | -2.57 | 0.20 | 4.46 | -14.82 | -31.66 | -28.71 | -24.19 | -17.33 | 3.16 | 10.06 | 19.58 | | | up |
| Industrial Production (% YoY) | -2.43 | 3.23 | 1.95 | 5.29 | 0.65 | -3.92 | -5.86 | -2.60 | -3.33 | -4.85 | 1.85 | 3.55 | | up |
| Unemployment (%) | 7.00 | 7.10 | 7.40 | 7.80 | 8.20 | 9.00 | 11.20 | 12.20 | 13.10 | 12.90 | 12.30 | 11.60 | | up |

| Mexico | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PMI (Index) | 46.2 | 46.3 | 49.1 | 47.7 | 44.1 | 40.6 | 38.0 | 43.2 | 48.1 | 45.7 | 46.9 | 50.1 | | up |
| CPI (% YoY) | 3.0 | 2.8 | 3.2 | 3.7 | 3.3 | 2.2 | 2.8 | 3.3 | 3.6 | 4.1 | 4.0 | 4.1 | | up |
| Retail Sales (% YoY) | 2.3 | 3.0 | 1.3 | 1.8 | -2.0 | -23.8 | -23.8 | -16.7 | -12.6 | -10.8 | -7.1 | | | up |
| Indutrial Production (% YoY) | -2.6 | -0.3 | -1.3 | -1.1 | -5.6 | -35.1 | -36.9 | -16.2 | -8.8 | -9.3 | -3.1 | | | up |
| Remittances (Millions, USD) | 2924.9 | 3119.2 | 2620.9 | 2732.0 | 4044.8 | 2909.5 | 3445.4 | 3537.0 | 3531.9 | 3574.2 | 3568.5 | | | down |

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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