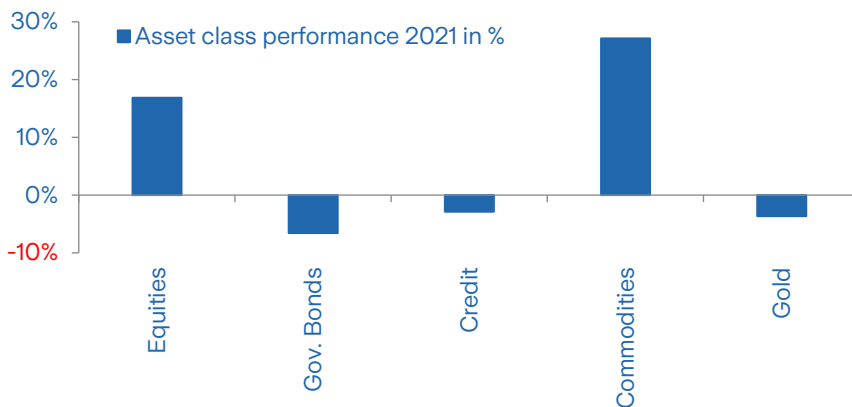


# Monthly Investment Insights

7 January 2022



## Greater asset volatility expected in 2022



Source: Bloomberg (MSCI ACWI, Bloomberg Global Aggregate Treasuries, Corporate, Commodities, Gold USD per ounce)

Risk assets performed well again in 2021, with the MSCI World up 16.8%, the third annual double-digit percentage gain in a row. The index has nearly doubled compared to its crisis low marked in March 2020. Government bonds gave up most of their prior year gains, while credit performed somewhat lacklustre. In regional terms, the equity benchmark indices in the US and a few Continental European markets performed in the upper 20% range, while some Eastern European markets surged. In Asia, the best performing markets — Vietnam, India, and Taiwan — gained more than 20%, while China’s Hong Kong listed ‘H’-shares tumbled about 23%, with heavy-weight internet related stocks perceived as victims of China’s common prosperity policies being the major drag. In Latin America, Mexican stocks performed well, while Brazilian equities tumbled by nearly 24%. Brazil was one of the few markets to post a second consecutive year of negative returns.

As we outlined in our [Economic and Market Outlook 2022](#), we believe 2022 will see a shift back to basics, as imbalances prevail and liquidity is reduced. Global equities remain the preferred asset class but are expected to experience a bumpier track, with larger pullbacks than those experienced last year, which were small in a historical context. The pattern observed last year, with equity index setbacks being used as buying opportunities, particularly by individual investors, may continue, but is unlikely to be so predictable. Global liquidity injections are expected to slow amid a more pronounced tightening of rates by central banks. Earnings growth should remain robust, but at a slower pace than experienced over the last two years as the cycle ages, which should lead to more idiosyncratic moves in stocks.

Emerging market equities have underperformed global equities by more than 60% over the last ten years. A year ago, this asset class was favoured by many investors, but relative returns have been dismal following a short-term spike higher early last year. The MSCI EM as the main benchmark index is dominated by four Asian markets, with a combined index weight of nearly 75%. These are China, Taiwan, South Korea, and India, while these indices themselves are dominated by a few heavyweight individual companies in the tech and internet space. With that, the character of emerging market equities as an asset class has changed significantly over the last ten to twenty years. Considering reasonable valuations and now cautious investor positioning, we believe investment opportunities in this asset class will emerge in 2022. Signs of stabilisation and supportive domestic policies are needed to increase our conviction.

## Market Assessment

### Key developments

- Covid infections surge to record highs globally, dominated by the new Omicron variant, with Europe at the core.
- Supply chain bottlenecks prevail.
- Global equities climb to new record highs, while long-term yields move higher.

### Zurich’s view

Overall, we expect higher volatility and larger divergences within asset classes compared to last year.

Covid will remain a topic for investors. However, it is unclear whether the current fourth wave with record-high global infections will create havoc or be the link to the pandemic developing towards an endemic with lower hospitalisation and intense care rates over time. Investor behaviour suggests that the latter is being discounted, which favours equities as the asset class of choice.

While US stocks should perform well, Japan and Europe are well positioned for relative gains given their cyclical exposures. Emerging markets are starting to look interesting, but stability is needed to raise our appetite. As volatility is expected to increase, timing will become a crucial factor this year.

We expect credit spreads to remain rangebound in the short term. Pressures from heavy supply and higher yields are likely to cause some spread volatility, although long-term drivers of investor demand from a search for yield should remain intact. Upside potential for bond yields remains given central banks’ increased recognition of inflationary pressures.

	Key developments	Zurich's view
Global	<ul style="list-style-type: none"> <li>Economic activity ends 2021 strong, with encouraging signs of easing supply constraints and ramped up industrial production.</li> <li>Inflation remains unsettling, but there are tentative signs that upward price pressure is easing.</li> <li>Central banks respond to higher inflation with tapering and rate hikes, confirming that they remain committed to their inflation targets.</li> </ul>	<p>Economic activity ended 2021 on a strong note, helped by brisk industrial production and tentative signs of easing supply constraints as delivery times edged lower and unfilled orders continued to be worked down. This is encouraging, but surging Omicron infections makes further supply improvements challenging near term. Demand should be resilient though, boosted by elevated savings and strong labour markets and capex spending, and we anticipate the global economy will continue to expand over the coming months. Inflation is elevated but there are some signs that upward price pressure is easing, along with energy prices. Central banks have shifted towards a tightening trajectory, which should help to alleviate some imbalances and anchor inflation expectations.</p>
US	<ul style="list-style-type: none"> <li>The Fed doubles the tapering pace and signals three rate hikes in 2022.</li> <li>The S&amp;P 500 ends the year close to its record high.</li> <li>Business activity remains very strong while price pressure shows signs of easing.</li> </ul>	<p>The S&amp;P 500 ended 2021 on a strong note, close to its record high. Growth remains strong with neither the rise in new Covid cases nor a more hawkish Fed causing a major setback. As expected, the Fed is accelerating the tapering process, which is expected to conclude by March, and is now signalling three rate hikes in 2022. The FOMC has fallen behind the curve given strong growth, a healthy labour market and rapidly rising inflation, but is now signalling its willingness to close the gap. Meanwhile, business activity remains buoyant, though the ISM Manufacturing Index receded to 58.7 in December, indicating a slowdown in momentum. On a positive note, the price component dropped to the lowest since November 2020, underlining our view that inflation is about to peak soon.</p>
UK	<ul style="list-style-type: none"> <li>The Bank of England lifts the Bank Rate to 0.25% from 0.1% with more hikes expected in the first half of 2022.</li> <li>Headline inflation has accelerated to 5.1% YoY in November, the highest in a decade.</li> <li>The labour market continues to improve with the unemployment rate ticking down to 4.2%.</li> </ul>	<p>The BoE put more weight on elevated inflation rates than on potential growth disruptions caused by a rise in new Covid cases. Following up on earlier indications that a move is imminent, the MPC lifted the Bank Rate to 0.25% from 0.1% in December. Although the BoE's somewhat fluctuating communication ahead of the rate hike injected unnecessary volatility into financial markets, a strong labour market and high inflation rates justify the beginning of the tightening cycle, with more rate hikes likely in the first half of the year unless the economy is severely disrupted by the latest rise in Covid infections. Meanwhile, the employment situation has further improved with the unemployment rate ticking down to 4.2% in October.</p>
Eurozone	<ul style="list-style-type: none"> <li>The ECB confirms PEPP will end in 2022, with only a modest increase in the APP.</li> <li>The 'traffic light' coalition takes power in Germany, focusing on accelerating the green transition.</li> <li>The Italian parliament will vote on a new president on January 24 with current PM Mario Draghi in contention.</li> </ul>	<p>At its monetary policy meeting in December, the ECB confirmed that PEPP will end in March 2022 and that another QE programme, the APP, will increase in size, but only for a period of two quarters. This was somewhat less dovish than expected, but it still means that investors have more clarity on the monetary policy outlook for the region. Meanwhile, Olaf Scholz took power as Chancellor in Germany leading a so-called 'traffic light' coalition. The new government has ambitious plans to accelerate the green transition. Finally, in Italy it has been announced that Parliament will vote on January 24 to decide the next President. If the current Prime Minister, Mario Draghi, is elected it could precipitate fresh elections in the country.</p>
Japan	<ul style="list-style-type: none"> <li>Industrial production has been picking up steam, driven by a catchup in auto production.</li> <li>Economic activity is expected to soften slightly in Q1.</li> <li>The outlook for Japanese equities remains solid.</li> </ul>	<p>While supply bottlenecks will remain an issue for some time, stronger auto production was the driving force behind a solid industrial production recovery in November that came in far above consensus expectations, but in line with our view. Retail sales are recovering, but consumer confidence is stalling, most likely because of fears of another surge in virus infections, despite the very low level of current new cases. Winter bonuses, an important part of total income, fell in services related sectors but appear to have risen marginally overall. Both the latest Tankan survey and the Composite PMI for December suggest that economic activity will soften slightly in Q1. Equities had a volatile start to the year but should benefit from a weaker yen, attractive valuations and increasing attention from foreign investors.</p>

	Key developments	Zurich's view
China	<ul style="list-style-type: none"> <li>• New Covid infections are picking up again, resulting in new mobility restrictions.</li> <li>• The ailing property market will have to overcome a difficult Q1 before stabilising.</li> <li>• The MSCI China continues to underperform global equities.</li> </ul>	<p>China is suffering from lockdown measures in the semiconductor hub of Xian and the harbour of Ningbo, as new Covid infections reach a post-Wuhan high. The zero Covid strategy and the upcoming Winter Olympics are pressuring authorities to keep rising infections in check, which will backfire on consumer confidence and the services sector. Further bankruptcies in the property sector amid a challenging repayment schedule seem likely. On a positive note, the annual Central Economic Work Conference concluded with a call to add stimulus to both the fiscal and monetary fronts, which should help to overcome a difficult Q1 and lay the ground for economic recovery in Q2. Chinese equities continue to underperform global equities but may offer an attractive entry point over the course of the year.</p>
Australia	<ul style="list-style-type: none"> <li>• The labour market heals much faster than expected in Q4.</li> <li>• There are initial signs of easing home prices amid tightening lending standards and rate rises.</li> <li>• Equities gain traction while bond yields rise noticeably.</li> </ul>	<p>Australia's labour market has rapidly gained back its strength post lockdown. The December jobless rate came in at 4.6%, moving below the 5.2% pre-pandemic rate. Despite the Q3 lockdown, output only dropped by 1.9% QoQ, faring much better than expected. Overall, the economy is on a solid footing going into 2022. Yet, Covid uncertainty persists as new cases linked to the Omicron variant have surged. So far, hospitalisation rates and ICU admissions remain low, and we do not expect severe restriction measures. Meanwhile, the rise in home prices has slowed, suggesting the housing boom should soon run its course. Equities showed a volatile performance into the new year, while bond yields rose sharply, reflecting normalising economic conditions and the prospect of tightening monetary policy.</p>
ASEAN	<ul style="list-style-type: none"> <li>• Manufacturing activity continues to rebound.</li> <li>• New Covid cases rise, with initial signs that Omicron is spreading.</li> <li>• ASEAN equities rebound but remain rangebound.</li> </ul>	<p>December PMIs showed steady rebounds in manufacturing activity. Order backlogs and suppliers' delivery time dropped further, suggesting supply bottlenecks are easing. Central banks have been largely on hold as inflation remains anchored. The spread of Omicron has raised fears of recovery disruptions. However, the rise in new cases remains contained. Singapore and Thailand have delayed their border reopening plans in an effort to limit imported Omicron cases. It is hoped that improving vaccination rates will curb hospitalisations. Overall, we think governments will resist implementing severe domestic measures. ASEAN equities have recovered but are likely to perform rather rangebound amid a still fragile stage of the economic recovery and tightening global financial conditions.</p>
LatAm	<ul style="list-style-type: none"> <li>• Central banks continue tightening to fight against high inflation, despite the economic deceleration.</li> <li>• MSCI Mexico outperformed the MSCI EM during December, gaining 12.9% making it one of the best performing EMs of 2021.</li> <li>• In Chile, the leftist Gabriel Boric was elected president by a larger than expected margin and with a high participation rate.</li> </ul>	<p>The monetary authority raised the policy rate by 125bps to 4% in Chile, announcing additional hikes planned for Q1 2022. The Central Bank of Brazil raised another 150bps to 9.25%, signalling a similar hike again for the next meeting. Banxico hiked by 50bps to 5.5%, adopting a more hawkish stance and removing any mention that inflation is transitory. All five members voted in favour of a hike, with only one dissenter who voted for an increase of only 25bps. In Brazil, GDP contracted at an annualised rate of 0.37% in Q3 2021, resulting in a technical recession. Investment and the external sector were the main drags to economic activity on the demand side. Despite the deterioration in economic activity the equity market rose 2.85%, after having fallen for five consecutive months.</p>

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## **Zurich Insurance Company Ltd**

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Valuation snapshot (MSCI Indices)

Current trailing valuations

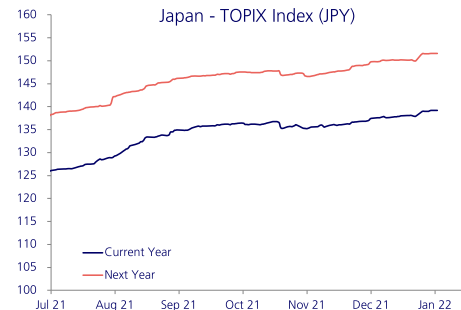
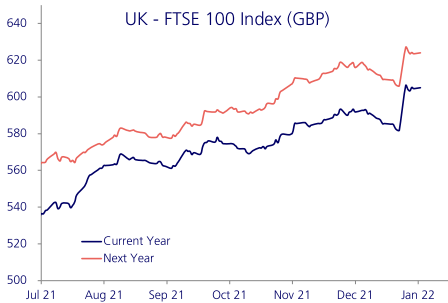
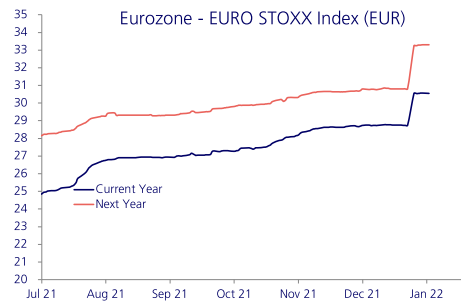
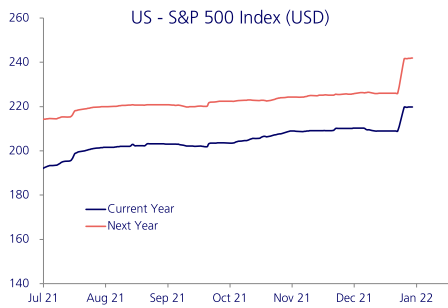
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	25.07	17.73	15.30	21.03	15.72	16.38	14.15	5.63	13.19
12m Trailing P/B	4.88	2.17	1.78	3.42	1.42	1.87	1.70	1.72	2.02
12m Trailing P/CF	23.60	9.04	5.48	13.27	11.16	10.30	7.41	4.17	7.72
Dividend Yield	1.31	2.26	3.80	2.47	2.21	2.31	1.74	8.73	2.74
ROE	19.48	12.23	11.64	16.25	9.02	11.44	12.05	30.60	15.30

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.22	0.86	0.74	1.02	0.76	0.80	0.69	0.27	0.64
12m Trailing P/B	1.63	0.72	0.59	1.14	0.47	0.62	0.57	0.57	0.67
12m Trailing P/CF	1.74	0.67	0.40	0.98	0.82	0.76	0.55	0.31	0.57
Dividend Yield	0.73	1.26	2.12	1.38	1.24	1.29	0.97	4.87	1.53
ROE	1.33	0.84	0.80	1.11	0.62	0.78	0.82	2.09	1.05

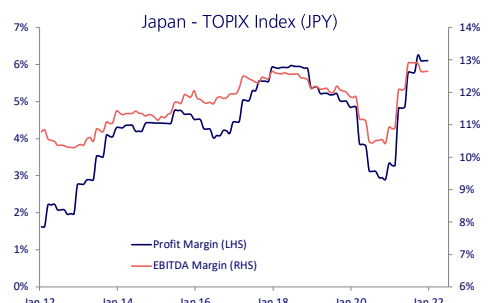
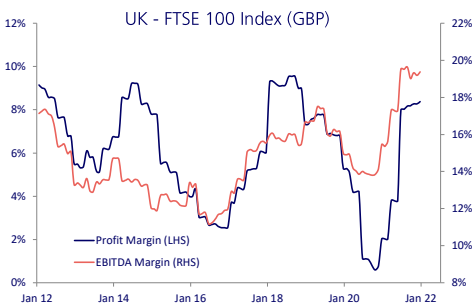
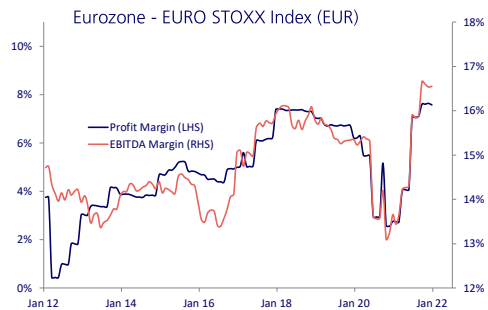
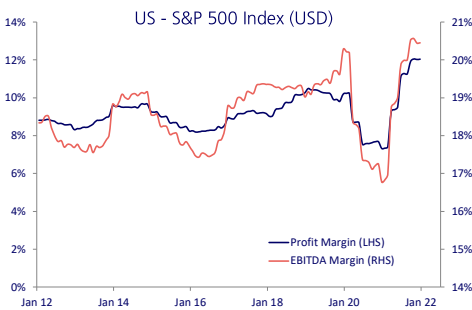
Source: Datastream

Earnings estimates - Full fiscal years



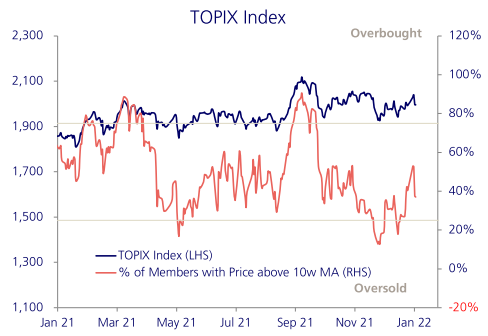
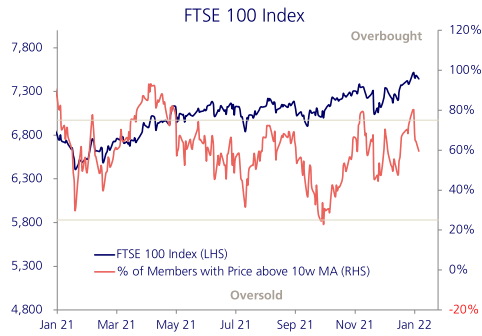
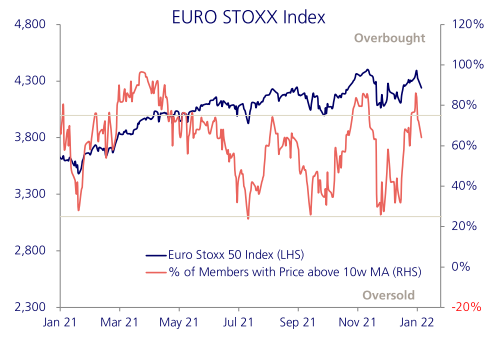
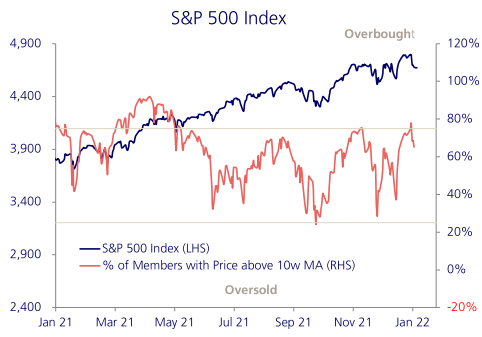
Historical margins

Source: Bloomberg



Source: Bloomberg

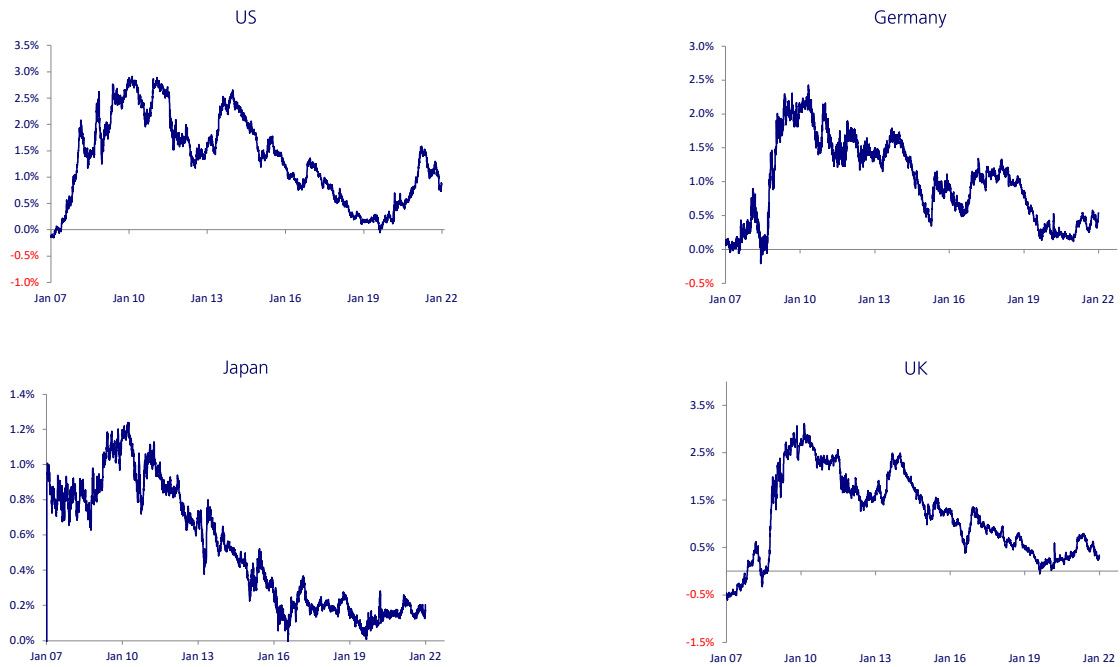
Overbought / Oversold



Source: Bloomberg

## Appendix 3

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



Source: Bloomberg

### Spread Snapshot

#### Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Jan-22	1m ago	3m ago	1yr ago
UK	-57	-70	-45	-79
Germany	-178	-182	-176	-156
Switzerland	-174	-173	-171	-152
Japan	-160	-139	-152	-101
Australia	14	15	3	3
China	110	143	129	210
South Korea	76	78	75	70
Malaysia	193	209	200	155
Indonesia	470	486	462	493
Thailand	29		33	29
Philippines	234	n/a	n/a	n/a
Brazil	974	964	929	609
Mexico	611	596	589	452
Colombia	679	673	610	432
Peru	425	454	430	256

#### Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Jan-22	1m ago	3m ago	1yr ago
France	32	35	34	20
Netherlands	10	14	13	4
Belgium	32	35	32	16
Austria	23	27	22	12
Ireland	38	47	36	20
Italy	133	127	103	109
Spain	68	72	64	57
Portugal	60	65	53	54

Source: Bloomberg, ZIG

## Economic data

<b>US</b>	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Trend*
ISM Manufacturing (Index)	60.5	58.7	60.8	64.7	60.7	61.2	60.6	59.5	59.9	61.1	60.8	61.1	58.7	up
ISM Non-Manufacturing (Index)	57.7	58.7	55.3	63.7	62.7	64.0	60.1	64.1	61.7	61.9	66.7	69.1	62.0	up
Durable Goods (% MoM)	1.5	2.4	1.3	1.3	-0.7	3.2	0.8	0.5	1.3	-0.4	0.1	2.6		down
Consumer Confidence (Index)	87.1	87.1	95.2	114.9	117.5	120.0	128.9	125.1	115.2	109.8	111.6	111.9	115.8	down
Retail Sales (% MoM)	2.3	9.4	6.5	29.7	53.4	28.0	18.9	15.3	15.7	14.2	16.3	18.2		down
Unemployment Rate (%)	6.7	6.3	6.2	6.0	6.1	5.8	5.9	5.4	5.2	4.8	4.6	4.2		down
Avg Hourly Earnings YoY (% YoY)	5.5	5.3	5.2	4.6	1.2	2.4	3.8	4.8	4.8	5.5	5.8	5.9		up
Change in Payrolls ('000, MoM)	-306.0	233.0	536.0	785.0	269.0	614.0	962.0	1091.0	483.0	379.0	546.0	210.0		down
PCE (% YoY)	1.5	1.5	1.5	2.0	3.1	3.5	3.6	3.6	3.6	3.7	4.2	4.7		up
GDP (% QoQ, Annualized)	4.5			6.3			6.7			2.3				
<b>UK</b>	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Trend*
PMI Services (Index)	49.4	39.5	49.5	56.3	61.0	62.9	62.4	59.6	55.0	55.4	59.1	58.5	53.6	up
Consumer Confidence (Index)	-26.0	-28.0	-23.0	-16.0	-15.0	-9.0	-9.0	-7.0	-8.0	-13.0	-17.0	-14.0	-15.0	down
Unemployment Rate (%)	5.2	5.1	5.0	4.9	4.8	4.8	4.7	4.6	4.5	4.3	4.2			down
CPI (% YoY)	0.6	0.7	0.4	0.7	1.5	2.1	2.5	2.0	3.2	3.1	4.2	5.1		up
GDP (% YoY)	-6.4			-5.1			24.2			6.8				
<b>Eurozone</b>	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Trend*
PMI Manufacturing (Index)	55.2	54.8	57.9	62.5	62.9	63.1	63.4	62.8	61.4	58.6	58.3	58.4	58.0	down
PMI Services (Index)	46.4	45.4	45.7	49.6	50.5	55.2	58.3	59.8	59.0	56.4	54.6	55.9	53.1	down
Ifo Business Climate (Index)	92.7	90.9	93.2	96.8	96.5	99.1	101.7	100.8	99.8	99.0	97.8	96.6	94.7	down
Industrial Production (% MoM)	0.0	1.1	-1.3	0.6	0.7	-1.1	0.3	1.2	-1.7	-0.2	1.1			up
Factory Orders GE (% MoM)	-1.7	0.6	1.7	3.2	1.4	-3.4	4.6	4.9	-8.8	1.8	-5.8	3.7		down
Unemployment Rate (%)	8.1	8.2	8.1	8.0	8.1	8.0	7.8	7.6	7.5	7.4	7.3			down
M3 Growth (% YoY, 3 months MA)	12.2	12.5	12.3	10.1	9.4	8.6	8.4	7.8	8.0	7.6	7.7	7.3		down
CPI (% YoY)	-0.3	0.9	0.9	1.3	1.6	2.0	1.9	2.2	3.0	3.4	4.1	4.9		up
Core CPI (% YoY)	0.2	1.4	1.1	0.9	0.7	1.0	0.9	0.7	1.6	1.9	2.0	2.6		up
GDP (% QoQ)	-0.4			-0.2			2.2			2.2				
<b>Switzerland</b>	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Trend*
KOF Leading Indicator (Index)	105.7	96.3	103.1	119.3	135.4	143.6	132.7	130.2	113.4	110.9	110.2	107.5	107.0	down
PMI Manufacturing (Index)	57.3	59.4	61.3	66.3	69.5	69.9	66.7	71.1	67.7	68.1	65.4	62.5	62.7	down
Real Retail Sales (% YoY)	5.6	-1.1	-7.1	23.1	38.3	2.5	0.4	-2.3	1.1	2.6	1.2			up
Trade Balance (Billion, CHF)	2.8	5.0	3.7	5.7	3.7	4.8	5.5	5.3	5.1	5.0	5.5	6.2		up
CPI (% YoY)	-0.8	-0.5	-0.5	-0.2	0.3	0.6	0.6	0.7	0.9	0.9	1.2	1.5	1.5	up
<b>Japan</b>	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Trend*
Nomura Manufacturing PMI (Index)	50.0	49.8	51.4	52.7	53.6	53.0	52.4	53.0	52.7	51.5	53.2	54.5	54.3	up
Machine Orders (% YoY)	11.8	1.5	-7.1	-2.0	6.5	12.2	18.6	11.1	17.0	12.5	2.9			down
Industrial Production (% YoY)	-2.9	-5.3	-2.0	3.4	15.8	21.1	23.0	11.6	8.8	-2.3	-4.1	5.4		down
ECO Watchers Survey (Index)	36.5	30.1	40.7	49.5	39.4	36.4	45.4	47.7	34.3	43.3	56.2	58.5		up
Jobs to Applicants Ratio (Index)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.2	1.2	1.2		up
Labour Cash Earnings (% YoY)	-3.0	-1.3	-0.4	0.6	1.4	1.9	0.1	0.6	0.6	0.2	0.2			down
Department Store Sales (% YoY)	-13.7	-29.7	-10.7	21.8	167.0	65.2	-1.6	4.2	-11.7	-4.3	2.9	8.1		up
Money Supply M2 (% YoY)	9.2	9.4	9.6	9.5	9.3	8.0	5.9	5.3	4.7	4.2	4.2	4.0		down
CPI Ex Food & Energy (% YoY)	-0.5	0.1	0.1	0.0	-1.2	-1.1	-1.1	-0.8	-0.7	-0.8	-1.2	-1.2		down
Exports (% YoY)	2.0	6.4	-4.5	16.1	38.0	49.6	48.6	37.0	26.2	13.0	9.4	20.5		down
<b>China</b>	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Trend*
PMI Manufacturing (Index)	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	50.1	49.6	49.2	50.1	50.3	down
Industrial Production (% YoY)	7.3			14.1	9.8	8.8	8.3	6.4	5.3	3.1	3.5	3.8		down
Retail Sales (% YoY)	4.6			34.2	17.7	12.4	12.1	8.5	2.5	4.4	4.9	3.9		down
PPI (% YoY)	-0.4	0.3	1.7	4.4	6.8	9.0	8.8	9.0	9.5	10.7	13.5	12.9		up
Exports (% YoY)	18.1	24.6	154.6	30.5	32.2	27.8	32.1	19.3	25.6	28.1	27.1	22.0		up
CPI (% YoY)	0.2	-0.3	-0.2	0.4	0.9	1.3	1.1	1.0	0.8	0.7	1.5	2.3		up
RRR (%)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.0	12.0	12.0	12.0	12.0	11.5	down
GDP (% YoY)	6.5			18.3			7.9			4.9				down
PMI Non Manufacturing (Index)	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	50.1	49.6	49.2	50.1	50.3	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



## Appendix 5

### Economic data

<b>Australia</b>	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Trend*
AIG Manufacturing (Index)	55.3	55.3	58.8	59.9	61.7	61.8	63.2	60.8	51.6	51.2	50.4	54.8		down
AiG Service (Index)	54.3	54.3	55.8	58.7	61.0	61.2	57.8	51.7	45.6	45.7	47.6	49.6		down
Westpac Consumer Confidence (% MoM)	4.1	-4.5	1.9	2.6	6.2	-4.8	-5.2	1.5	-4.4	2.0	-1.5	0.6	-1.0	down
Building Approvals (% YoY)	20.5	25.3	24.9	54.5	44.5	55.4	53.0	21.4	33.1	14.0	-8.1			down
Employment Change ('000, MoM)	37.3	29.2	81.3	75.0	-28.7	118.2	29.5	-3.4	-152.8	-147.3	-56.0	366.1		up

<b>Brazil</b>	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Trend*
CPI (% YoY)	4.5	4.6	5.2	6.1	6.8	8.1	8.4	9.0	9.7	10.3	10.7	10.7		up
Industrial Production (% YoY)	8.3	2.4	0.3	10.5	34.8	24.1	12.1	1.4	-0.6	-4.0	-7.8	-4.4		down
Retail Sales (% YoY)	0.0	1.3	-0.4	-3.9	2.2	23.7	15.9	6.3	5.7	-4.1	-5.2	-7.1		down
Trade Balance (Millions, USD)	-219.7	1833.9	6461.2	9913.3	8518.5	10291.7	7398.3	7717.7	4422.1	2034.7	-1312.0	3948.0		down
Budget Balance Primary (Billions, BRL)	-75.8	17.9	-41.0	-44.5	30.0	-37.4	-75.6	-55.4	-29.7	-42.0	-25.0	-26.6		up

<b>Chile</b>	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Trend*
IMACEC Economic Activity Index (% YoY)	-0.07	-2.85	-1.88	6.30	14.70	19.13	20.60	18.05	18.95	14.75	14.95	14.27		down
CPI (% YoY)	2.97	3.12	2.85	2.88	3.32	3.65	3.80	4.54	4.78	5.34	6.03	6.70		up
Retail Sales (% YoY)	5.87	3.67	23.46	43.26	72.06	64.89	61.78	24.21	19.27	22.67	16.75			down
Industrial Production (% YoY)	-3.61	-2.40	-3.40	2.90	5.10	3.50	6.00	4.83	4.24	-0.74	1.33	2.50		down
Unemployment (%)	10.30	10.20	10.30	10.40	10.20	10.00	9.50	8.90	8.50	8.40	8.10	7.50		down

<b>Mexico</b>	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Trend*
PMI (Index)	48.4	49.6	50.0	51.1	50.7	52.2	52.1	51.8	50.9	50.0	51.0	50.8	52.6	up
CPI (% YoY)	0.0	3.5	3.8	4.7	6.1	5.9	5.9	5.8	5.6	6.0	6.2	7.4		up
Retail Sales (% YoY)	-5.7	-7.5	-6.4	2.6	30.5	29.4	17.0	9.9	7.2	5.9	5.3			down
Industrial Production (% YoY)	2.8	-4.9	-5.7	5.9	50.0	48.4	16.6	7.7	6.6	-0.4	0.0			down
Remittances (Millions, USD)	3650.1	3287.4	3170.7	4157.3	4048.3	4525.8	4457.5	4545.0	4748.7	4408.9	4818.6	4665.2		up

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m