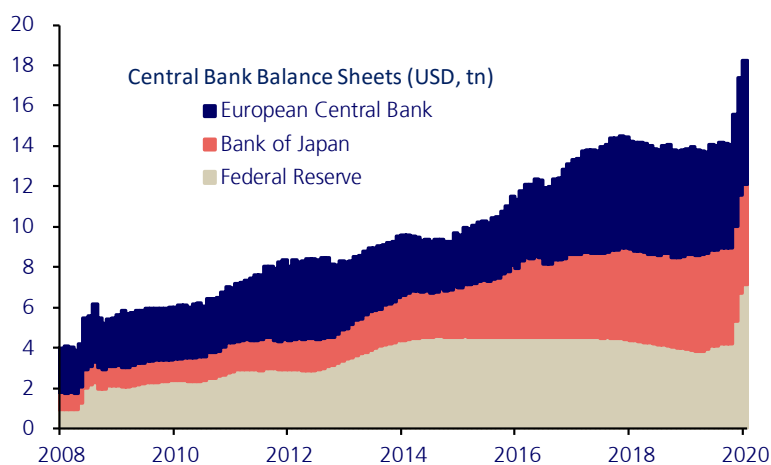


Monthly Investment Insights

Liquidity rather than fundamentals fuels asset price reflation



Source: Bloomberg

It is perplexing that in the midst of a global pandemic, with economic activity at depressionary levels, equity and credit markets are closing in on record highs. The reason for this is the profound scale of liquidity being provided by global central banks in a bid to prevent a health and economic crisis from developing into a financial crisis. So far this is succeeding, with global equities up 35% from March lows. The balance sheets of the key central banks have ballooned, dwarfing the actions taken in the aftermath of the financial crisis back in 2008, but investors are sceptical of the rally as asset prices have disconnected from fundamentals.

While market valuations are stretched, there has been some improvement in the investment backdrop. The decline in COVID-19 infection rates is allowing economies to reopen, and the nadir of economic activity seems to have passed. Global purchasing manager indices, sentiment surveys and even US continuing jobless claims are looking less bad than they did, but it will be the upcoming data that will be critical. Importantly, can infection rates be contained as restrictions are relaxed and will consumers show some pent-up demand that we are expecting? Although the jury is still out, the policy response continues to be increased and refined. The recovery fund now being proposed by the European Commission is quite profound, accepting the mutualisation of debt in a way that is long overdue. Although resistance by some EU members is evident, a shift in mindset by key players bodes well for progress.

From an investment perspective this has improved the outlook for peripheral bonds, and we expect spreads versus German Bunds to tighten. More broadly, the actions of the central banks will directly support the credit markets. While fundamentals are poor, spreads have become more attractive, particularly in light of the backstops being provided. Many companies have been quick to raise funds and indeed there has been record issuance in the investment grade space that implies that pre-funding has taken place. Consequently, we expect issuance to fade in the months ahead, allowing the demand side of the equation to compress spreads further. Stocks are also likely to see further gains. The rally has started to broaden, with the more cyclical sectors of industrials, banks and small caps starting to perform better. While volatility should be expected, particularly given the unpredictability of the deteriorating US-China relationship, positioning is light and scepticism rife. Fundamentals are indeed poor and markets extended, but the USD 6tn wave of global liquidity being provided is hard to ignore for now.

Market Assessment

Key developments

- Many countries begin to reopen their economies as COVID-19 infection rates abate
- The European Commission outlines a EUR 750bn recovery fund, marking a profound shift in policy
- US-China relations worsen, with the US seeking curbs on technology access and US federal investment in Chinese stocks

Zurich's view

Equity and credit markets are in the ascendency and we suspect have further to run. A number of factors are beginning to play a part, but the underlying driver is the scale of liquidity that is being provided by central banks, with asset price reflation now in marked contrast to ailing economic activity.

However, green shoots are starting to emerge. Purchasing managers indicators appear to have bottomed, albeit still at depressed levels, and data have begun to surprise positively as economic lockdowns are relaxed. Further policy initiatives at both the monetary and fiscal levels are being deployed, and we are particularly encouraged by the EUR 750bn recovery fund outlined by the European Commission.

With investors remaining cautious there is room for further gains in equity and credit markets, while peripheral bond spreads should perform well given the scale and far reaching nature of the EU proposal. Government bonds face cross-currents of declining inflation and the enormity of central bank buying vs. economic recovery, with the latter ultimately driving yields modestly higher.

Unfortunately, at a time of fragility and uncertainty, the unpredictable nature of the US-China relationship is a concern.

Key developments

Zurich's view

Global

- Global macro data start to improve in May as lockdown restrictions are eased, but the level of activity remains dreadful
- A surge in unemployment shows that it is critical that businesses survive this extraordinary period, as job losses will otherwise become permanent
- Profound monetary and fiscal stimulus have been delivered and should prevent the deep contraction from turning into a global depression

Economic activity remains depressionary but conditions have started to improve as lockdown restrictions have been eased. Global macro data are still terrible, but they show that sentiment and activity edged higher in May as the pace of infection flattened and profound policy support was extended further. Job losses and underemployment have surged, however, while business conditions remain deeply challenging. For a more sustainable recovery to gain traction it will be critical that policy is not removed pre-maturely and that it evolves as requirements change. The outlook for the global economy is binary, and risk to the outlook is clearly to the downside.

US

- The economy contracted by 5% QoQ in Q1, the worst since 2008
- Almost one in four Americans is either unemployed or forced to work less than desired
- Stock markets continue to push higher as investors shrug off bad data and rising US-China tensions

The S&P 500 managed to climb higher in May despite rising US-China tensions and another batch of poor economic data that revealed the full extent of the damage induced by the lockdown. GDP contracted by 5% QoQ in Q1 (annualised) despite the US's late lockdown measures, which would only have impacted the final weeks of the quarter. The unemployment rate jumped to 14.7% in April, the worst since the Great Depression. However, this still does not reflect the full picture as many workers have dropped out of the labour force. Looking at the broader underemployment rate shows that almost one in four Americans is either unemployed or forced to work less than desired. On a more positive note, both small businesses' and households' expectations for the future are improving as the economy slowly emerges from the lockdown.

UK

- Household spending plunges as the lockdown measures shutter the economy
- GDP contracts by 2% in Q1 but the impact will be far worse in the second quarter
- The budget deficit soars to the highest in any single month as the government increases spending to support the economy

GDP contracted by 2% QoQ in the first quarter, though the full impact of the lockdown measures will only be felt in the second quarter. Consumer confidence fell to the lowest level since the financial crisis and retail sales plunged by 15.2% MoM in April. Business sentiment recovered somewhat in May from its all-time low in April, but the economy is still on a steep downward trajectory. In order to mitigate the economic impact of the lockdown the government has significantly increased its spending. There has been a substantial take-up of the job retention scheme, which goes a long way in keeping workers tied to their employers. At the same time tax revenues fell markedly, resulting in the budget deficit soaring to GBP 62bn in April alone, the largest in any single month so far.

Eurozone

- Merkel and Macron make an important joint statement regarding EU recovery fund
- German constitutional court verdict could paradoxically prompt the ECB to increase size of asset purchases
- Business surveys rebound in May, but are still very weak

French President Emmanuel Macron and German Chancellor Angela Merkel issued an important joint statement backing a EUR 500 bn EU recovery fund, with spending in the form of grants rather than loans and financed through the issuance of debt by the European Commission. Germany has therefore recognised the need for some debt mutualisation and fiscal transfers. Meanwhile, business surveys in the Eurozone bounced back in May compared to April as lockdown restrictions were eased. Finally, early in May the German Constitutional Court found that the ECB had not sufficiently justified QE and gave it three months to do so. We expect the required justification will be provided and that ECB asset purchases will continue and even increase in size soon.

Switzerland

- An easing of lockdown restrictions helps to support sentiment and activity, with a fragile recovery likely to have gained traction in May
- Both headline and core inflation turn deeply negative, with deflationary pressures likely to persist over the coming year
- Sizeable monetary and fiscal measures, including forex interventions, part-time working compensation and loans for SMEs, will help the economy to weather the crisis

Macro data for April are truly dreadful. Watch exports slumped by over 80% MoM while overall exports fell by over 10% — the deepest monthly contraction on record. Unemployment rose, though less than in many other regions due to part-time working compensation, and consumer and business confidence slumped. April is likely to mark a nadir for economic activity, however. Effective monetary and fiscal stimulus measures alongside virus containment have helped to support sentiment and activity should start to improve in May. It will, however, be important that support is not withdrawn prematurely as global conditions and the outlook for the domestic economy remain disturbing.

Japan

- Japan's economy is starting to recover following the end of the state of emergency
- Another fiscal stimulus package is supporting the economy
- Japanese equities have performed well as foreign selling subsides

Japan's economy has been hit hard by the COVID-19 state of emergency. Industrial production contracted 14.4% in April, more than consensus had expected, with an even greater impact on service sector activity. Department store sales tumbled 76% YoY, as all non-food related departments had to shut down and customer traffic had fallen even before the closure. With the state of emergency now lifted following a significant fall in the number of new infections, consumer confidence is slowly recovering. The government has released another economic emergency package financed by the second supplementary budget. Even though the total size of the package is the same as the prior one, its effective spending, at 6.1% of GDP, is higher. Equities have rallied on the more favourable news.

China

- China's economy continues to recover toward pre-crisis levels
- China's NPC announces targeted stimulus measures
- The MSCI China has been underperforming global equities since mid-March

China's economy has started to recover earlier than most other major global economies with manufacturing activity back to pre-crisis levels. Service sector activity is lagging, particularly in smaller cities and in domestic travel-oriented businesses, while construction activity remains strong. China's export-oriented sectors are likely to suffer from a slump in global demand due to major lockdowns. The National People's Congress refrained from announcing a growth target this year, focussing instead on the labour market, SMEs and consumers. We expect the government to continue its targeted support. It also implemented a National Security Law for Hong Kong, sparking protest from some Hong Kong citizens and the US government. The MSCI China continues to move narrowly sideways.

Australia

- The labour market faces strong headwinds
- Business and consumer confidence improve amid an easing of lockdowns
- Australian equities move sideways

The unemployment rate came in at 6.2% in April, better than consensus expectations. While the number of job losses was considerable, a 2.5% fall in the participation rate masked the severity of the figure. The decline in employment would have been more substantial if targeted fiscal stimulus, providing wage subsidies and keeping millions of Australians in jobs, had not been in place. Meanwhile, business and consumer confidence indices ticked up, signalling a potential rebound in activity following the easing of lockdowns. The RBA has scaled back its asset purchase program as the three-year government bond yield was close to the target of 0.25%. May was a lacklustre month for the equity market with stocks mostly rangebound.

ASEAN

- Most countries report negative Q1 GDP prints
- Imports and exports remain in contraction
- Currencies stabilise and market sentiment shows some improvement

In countries which went into lockdown or community quarantine towards the end of the first quarter, economic activity was already affected considerably in Q1. China's growth contraction in Q1 due to lockdowns subsequently weighed heavily on ASEAN's tourism and exports. That explains why export oriented and tourism reliant economies like Singapore, Malaysia and Thailand saw their output decline noticeably in Q1. The latest export data remained fragile. Imports, particularly capital goods, continued to plunge, which is a good proxy for capex investment. On a brighter note, currencies have stabilised, and market performance of financial assets has been resilient amid an improvement in market sentiment.

Valuation snapshot (MSCI Indices)

Current trailing valuations

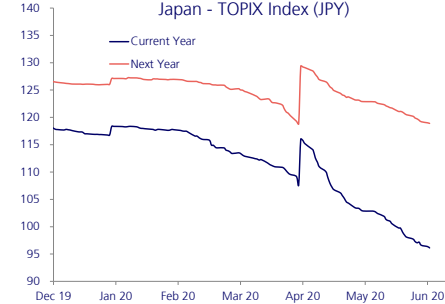
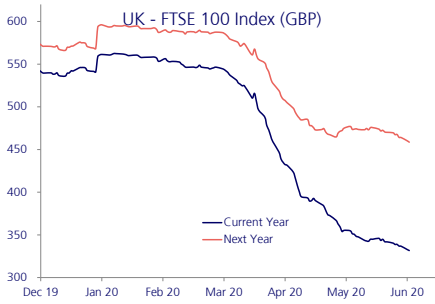
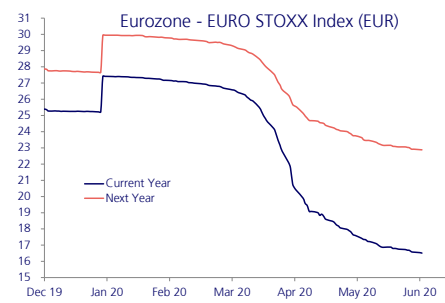
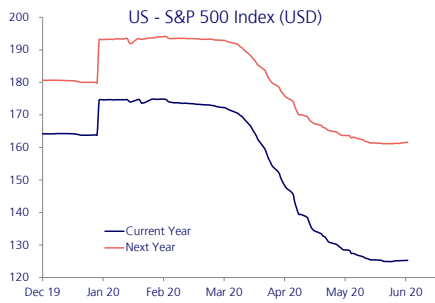
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	21.08	16.30	12.35	18.91	13.11	15.25	14.34	13.78	15.09
12m Trailing P/B	3.31	1.75	1.52	2.80	1.18	1.61	1.75	2.03	1.90
12m Trailing P/CF	12.79	7.70	6.71	12.75	7.14	8.21	8.52	6.08	6.28
Dividend Yield	2.03	3.42	5.26	3.14	2.58	2.82	1.97	3.17	3.40
ROE	15.71	10.74	12.29	14.81	8.96	10.57	12.21	14.73	12.60

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	1.20	0.93	0.70	1.08	0.75	0.87	0.82	0.79	0.86
12m Trailing P/B	1.50	0.79	0.69	1.27	0.53	0.73	0.79	0.92	0.86
12m Trailing P/CF	1.29	0.78	0.68	1.29	0.72	0.83	0.86	0.61	0.63
Dividend Yield	0.78	1.31	2.02	1.20	0.99	1.08	0.76	1.22	1.30
ROE	1.25	0.85	0.98	1.18	0.71	0.84	0.97	1.17	1.00

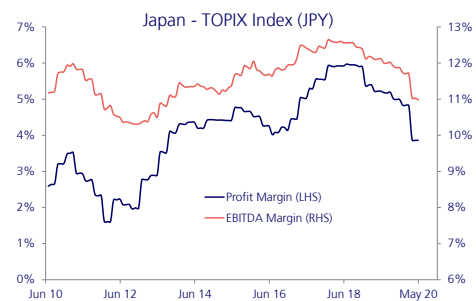
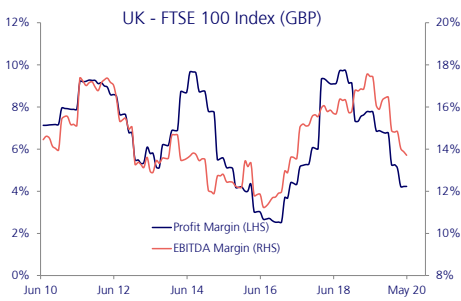
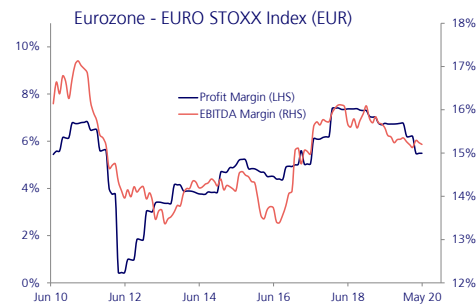
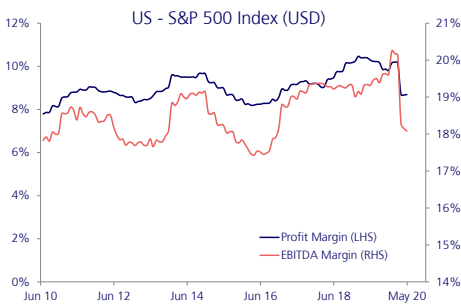
Source: Datastream

Earnings estimates - Full fiscal years



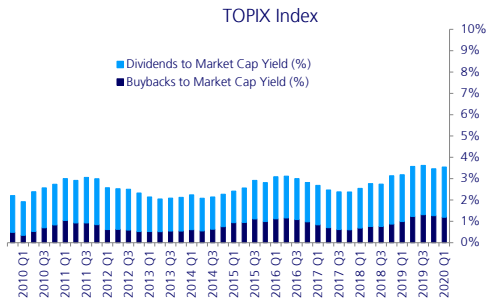
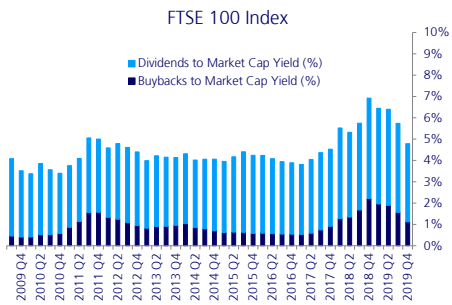
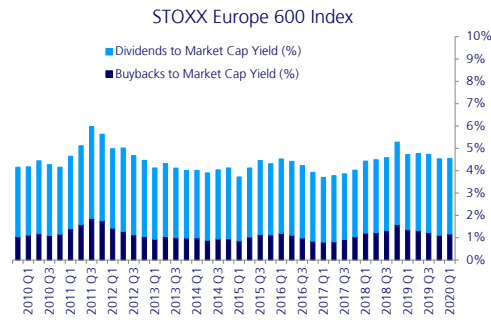
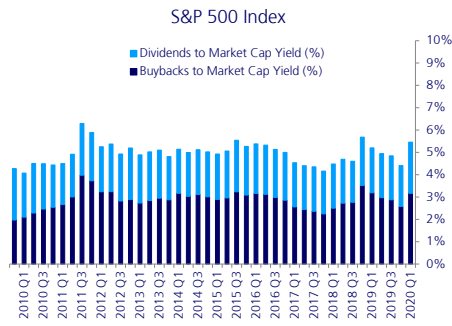
Source: Bloomberg

Historical margins



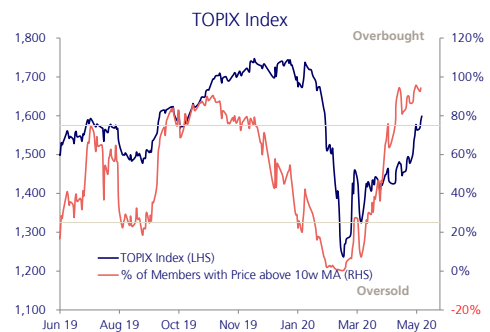
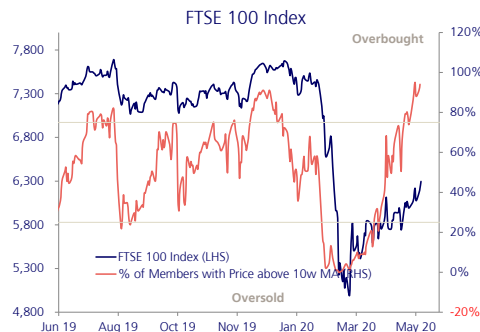
Source: Bloomberg

Dividends and shares buybacks



Source: Bloomberg

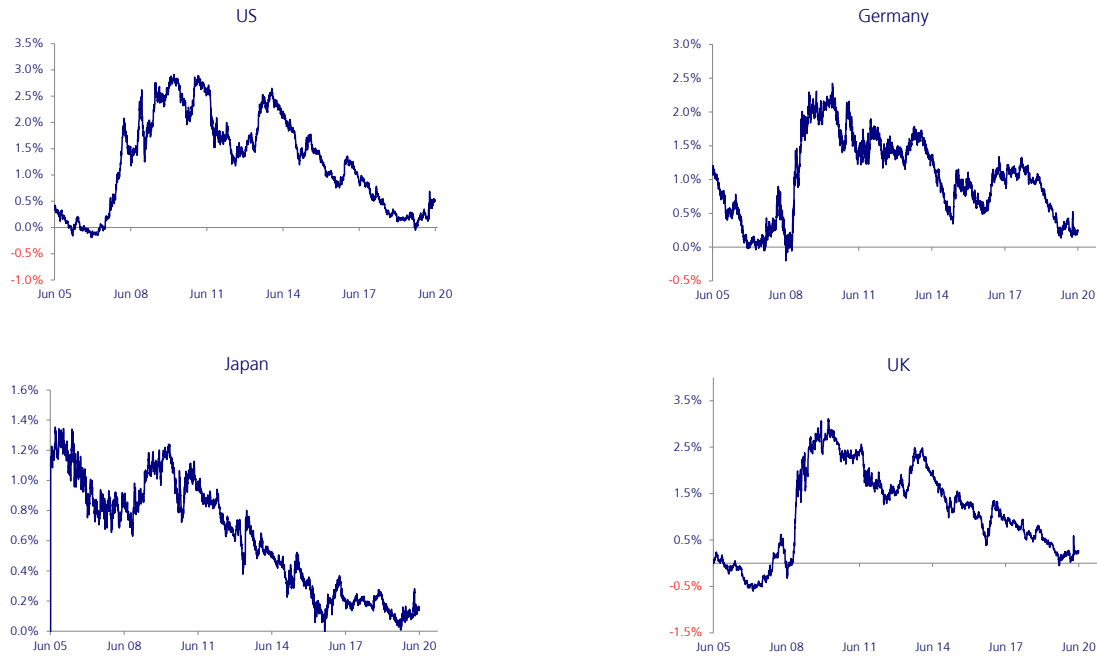
Overbought / Oversold



Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Jun-20	1m ago	3m ago	1yr ago
UK	-46	-36	-58	-123
Germany	-110	-120	-160	-234
Switzerland	-110	-114	-173	-260
Japan	-69	-63	-102	-223
Australia	26	26	-13	-63
China	208	190	177	111
South Korea	71	91	44	-44
Malaysia	214	225	187	159
Indonesia	629	727	565	583
Thailand	49		6	15
Philippines	335	n/a	n/a	n/a
Brazil	648	n/a	532	607
Mexico	545	600	547	583
Colombia	528	648	487	445
Peru	317	355	277	292

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Jun-20	1m ago	3m ago	1yr ago
France	36	48	34	39
Netherlands	21	28	14	18
Belgium	43	56	40	45
Austria	31	43	24	32
Ireland	51	63	47	61
Italy	195	235	175	272
Spain	98	131	90	87
Portugal	95	140	98	93

Source: Bloomberg, ZIG

Economic data

US	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Trend*
ISM Manufacturing (Index)	52.3	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)	56.3	55.4	54.8	56.0	53.5	54.4	53.9	54.9	55.5	57.3	52.5	41.8		down
Durable Goods (% MoM)	-1.5	0.1	2.5	0.5	-0.9	-0.1	-2.6	2.8	-0.2	2.0	-16.6	-17.2		down
Consumer Confidence (Index)	131.3	124.3	135.8	134.2	126.3	126.1	126.8	128.2	130.4	132.6	118.8	85.7	86.6	down
Retail Sales (% MoM)	3.0	3.6	3.6	4.3	4.0	3.3	3.3	5.6	4.9	4.5	-5.7	-21.6		down
Unemployment Rate (%)	3.6	3.7	3.7	3.7	3.5	3.6	3.5	3.5	3.6	3.5	4.4	14.7		up
Avg Hourly Earnings YoY (% YoY)	3.6	3.5	3.7	3.7	3.7	3.8	3.5	3.2	3.3	3.3	3.4	7.7		up
Change in Payrolls ('000, MoM)	85.0	182.0	194.0	207.0	208.0	185.0	261.0	184.0	214.0	251.0	-881.0	-20537.0		down
PCE (% YoY)	1.5	1.6	1.6	1.8	1.7	1.6	1.5	1.6	1.7	1.8	1.7	1.0		down
GDP (% QoQ, Annualized)		2.0			2.1			2.1			-5.0			
UK	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Trend*
PMI Services (Index)	51.0	50.2	51.4	50.6	49.5	50.0	49.3	50.0	53.9	53.2	34.5	13.4	29.0	down
Consumer Confidence (Index)	-10.0	-13.0	-11.0	-14.0	-12.0	-14.0	-14.0	-11.0	-9.0	-7.0	-9.0	-34.0	-34.0	down
Unemployment Rate (%)	3.8	3.9	3.8	3.9	3.8	3.8	3.8	3.8	3.9	4.0	3.9			down
CPI (% YoY)	2.0	2.0	2.1	1.7	1.7	1.5	1.5	1.3	1.8	1.7	1.5	0.8		down
GDP (% YoY)		1.3			1.3			1.1			-1.6			
Eurozone	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Trend*
PMI Manufacturing (Index)	47.7	47.6	46.5	47.0	45.7	45.9	46.9	46.3	47.9	49.2	44.5	33.4	39.4	down
PMI Services (Index)	52.9	53.6	53.2	53.5	51.6	52.2	51.9	52.8	52.5	52.6	26.4	12.0	30.5	down
IFO Business Climate (Index)	98.5	97.6	96.1	94.5	94.8	94.6	94.9	96.2	95.9	96.0	86.0	74.2	79.5	down
Industrial Production (% MoM)	0.6	-1.1	-0.1	0.1	0.2	-0.4	-0.5	-1.6	1.9	-0.1	-11.3			down
Factory Orders GE (% MoM)	-1.6	1.4	-0.7	-0.4	1.2	-0.4	-1.2	-1.5	4.8	-1.2	-15.6			down
Unemployment Rate (%)	7.6	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)	4.8	4.6	5.2	5.8	5.7	5.7	5.6	4.9	5.2	5.5	7.5	8.3		up
CPI (% YoY)	1.2	1.3	1.0	1.0	0.8	0.7	1.0	1.3	1.4	1.2	0.7	0.3	0.1	down
Core CPI (% YoY)	0.8	1.1	0.9	0.9	1.0	1.1	1.3	1.3	1.1	1.2	1.0	0.9	0.9	down
GDP (% QoQ)		0.1			0.3			0.1			-3.8			
Switzerland	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Trend*
KOF Leading Indicator (Index)	93.9	94.9	96.0	95.4	93.1	94.8	92.6	96.1	100.0	101.7	91.5	59.7	53.2	down
PMI Manufacturing (Index)	49.0	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)	-0.5	1.0	1.4	-0.5	1.7	0.3	1.3	1.0	0.2	0.9	-5.8	-19.9		down
Trade Balance (Billion, CHF)	3.2	4.0	3.7	1.7	4.0	3.5	3.9	2.0	4.7	3.5	4.0	4.0		up
CPI (% YoY)	0.6	0.6	0.3	0.3	0.1	-0.3	-0.1	0.2	0.2	-0.1	-0.5	-1.1		down
Japan	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Trend*
Nomura Manufacturing PMI (Index)	49.8	49.3	49.4	49.3	48.9	48.4	48.9	48.4	48.8	47.8	44.8	41.9	38.4	down
Machine Orders (% YoY)	-3.7	12.5	0.3	-14.5	5.1	-6.1	5.3	-3.5	-0.3	-2.4	-0.7			down
Industrial Production (% YoY)	-1.9	-3.9	0.8	-5.5	1.2	-8.2	-8.5	-3.7	-2.4	-5.7	-5.2	-14.4		down
ECO Watchers Survey (Index)	44.3	43.3	41.7	42.6	45.7	36.3	39.2	40.7	40.6	27.4	15.9	9.5		down
Jobs to Applicants Ratio (Index)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.3		down
Labour Cash Earnings (% YoY)	-0.5	0.4	-1.0	-0.1	0.5	0.0	0.1	-0.2	1.2	0.7	0.1			down
Department Store Sales (% YoY)	-0.8	-0.9	-2.9	2.3	23.1	-17.5	-6.0	-5.0	-3.1	-12.2	-33.4	-72.8		down
Money Supply M2 (% YoY)	2.6	2.3	2.3	2.4	2.4	2.4	2.7	2.7	2.8	3.0	3.3	3.7		up
CPI Ex Food & Energy (% YoY)	0.3	0.3	0.4	0.4	0.3	0.3	0.5	0.5	0.4	0.2	0.3	-0.1		down
Exports (% YoY)	-7.7	-6.6	-1.5	-8.2	-5.2	-9.2	-7.9	-6.3	-2.6	-1.0	-11.7	-21.9		down
China	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Trend*
PMI Manufacturing (Index)	49.4	49.4	49.7	49.5	49.8	49.3	50.2	50.2	50.0	35.7	52.0	50.8	50.6	up
Industrial Production (% YoY)	5.0	6.3	4.8	4.4	5.8	4.7	6.2	6.9			-1.1	3.9		down
Retail Sales (% YoY)	8.6	9.8	7.6	7.5	7.8	7.2	8.0	8.0			-15.8	-7.5		down
PPI (% YoY)	0.6	0.0	-0.3	-0.8	-1.2	-1.6	-1.4	-0.5	0.1	-0.4	-1.5	-3.1		down
Exports (% YoY)	1.1	-1.5	3.4	-1.0	-3.2	-0.8	-1.3	7.9			-6.6	3.5		down
CPI (% YoY)	2.7	2.7	2.8	2.8	3.0	3.8	4.5	4.5	5.4	5.2	4.3	3.3		down
RRR (%)	13.5	13.5	13.5	13.5	13.0	13.0	13.0	13.0	12.5	12.5	12.5	12.5	12.5	down
GDP (% YoY)		6.2			6.0			6.0			-6.8			down
PMI Non Manufacturing (Index)	49.4	49.4	49.7	49.5	49.8	49.3	50.2	50.2	50.0	35.7	52.0	50.8	50.6	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Appendix 5

Economic data

Australia	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Trend*
AIG Manufacturing (Index)	52.7	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)	52.3	51.4	44.4	52.3	51.8	55.2	53.7	48.7	47.4	47.0	38.7	27.1		down
Westpac Consumer Confidence (% MoM)	0.6	-0.6	-4.1	3.6	-1.7	-5.5	4.5	-1.9	-1.8	2.3	-3.8	-17.7	16.4	down
Building Approvals (% YoY)	-19.9	-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)	40.3	2.3	25.6	43.2	9.2	-24.1	30.4	32.8	15.8	22.9	0.7	-594.3		down

Brazil	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Trend*
CPI (% YoY)	4.7	3.4	3.2	3.4	2.9	2.5	3.3	4.3	4.2	4.0	3.3	2.4		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)	1.8	1.0	0.1	4.3	1.4	2.2	4.3	3.1	2.6	1.4	4.7	-1.2		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)	-47.6	-30.1	-30.3	-63.6	-45.9	-10.9	-53.2	-38.4	19.1	-49.4	-79.7	-115.8		down

Chile	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Trend*
IMACEC Economic Activity Index (% YoY)	2.14	1.37	3.07	3.82	3.28	-3.36	-3.98	0.77	1.29	3.33	-3.08	-14.10		down
CPI (% YoY)	2.76	2.70	2.57	2.58	2.24	2.71	2.79	3.00	3.46	3.89	3.74	3.42		up
Retail Sales (% YoY)	-0.87	1.94	2.27	-0.75	-12.00	-9.21	-2.57	0.20	4.46	-14.82	-31.30			down
Industrial Production (% YoY)	0.19	-3.14	1.41	1.22	0.54	-2.79	-2.43	3.23	1.80	5.60	0.78	-3.83		down
Unemployment (%)	7.20	7.30	7.50	7.60	7.30	7.10	7.00	7.10	7.40	7.80	8.20	9.00		up

Mexico	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Trend*
PMI (Index)	49.9	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)	4.4	4.0	3.8	3.2	3.0	3.0	3.0	2.8	3.2	3.7	3.3	2.2		up
Retail Sales (% YoY)	2.8	1.0	2.1	2.6	2.4	0.4	2.1	3.2	2.7	2.5	-1.3			down
Industrial Production (% YoY)	0.8	-1.1	3.4	-0.3	1.5	-1.2	-2.7	-0.5	-1.2	-1.2	-6.1			down
Remittances (Millions, USD)	3282.1	3183.5	3258.7	3356.4	3071.9	3125.0	2898.6	3080.3	2591.4	2698.8	4007.0	2861.4		up

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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