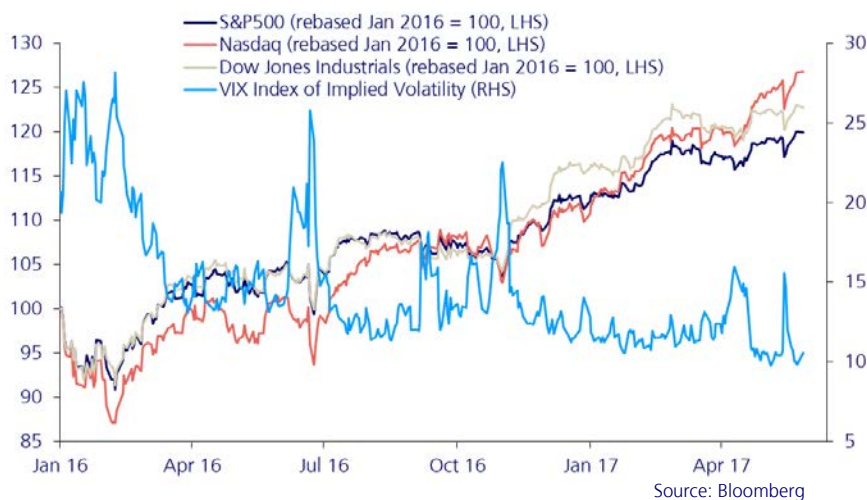


Monthly Investment Outlook

Implied Volatility Collapses as US Equity Market Hits Record Highs



We remain positive on the outlook for equities versus government bonds. One key reason is the continued global economic recovery that is becoming more broad-based and is being translated into rising corporate earnings. Business survey data, such as the PMIs, suggest that almost all economies are now expanding. Global trade has also picked up sharply in the past few months. Political risks in the Eurozone have also diminished with the election of mainstream candidate, Emmanuel Macron, as French President on May 7. Globally, political and geo-political risks clearly remain. For example, in the Korean peninsula or regarding US President Donald Trump's ongoing travails and the threat of impeachment, or uncertainty over the timing of the Italian general elections. However, we believe the recent behaviour of markets whenever political risks have surfaced is encouraging. Volatility has tended to spike only briefly and sell-offs have been short-lived, pointing to a strong "buy the dip" mentality amongst investors that we expect to continue as long as the fundamentals such as the macro outlook and earnings growth remain positive, which we also anticipate.

Indeed, that the macro data at a global level has been resilient and that corporate earnings are growing in key regions is more fundamental to our continued belief that equities will outperform government bonds than recent market behaviour, which can of course change. In the Eurozone, many business surveys are at multi-year highs, and in the region's largest economy, Germany, business confidence is at its highest level on record as measured by the Ifo survey. Q1 2017 was the second quarter of positive YoY earnings growth in the Eurozone after four quarters of negative or flat earnings growth for Euro Stoxx 600 companies. In the US, despite a weak Q1 GDP print, underlying economic growth appears solid, with labour market indicators such as monthly changes in non-farm payrolls and weekly jobless claims suggesting that the economy continues to grow at around a 2% pace. US corporate earnings also continue to expand, with the earnings recession having ended in Q3 2016 for the S&P500 companies. In China, although we expect a slowdown in activity in H2 as the authorities curtail stimulus, we do not expect a hard landing.

At a regional level, we continue to favour those markets where valuations are more attractive and earnings growth is particularly strong. This means we favour the Eurozone, Japan and Emerging Markets (especially Asian Emerging Markets) over the US.

Market Assessment

Key developments

- Global growth is healthy, with Eurozone business surveys particularly robust
- Political risks in the Eurozone have diminished with the election of Emmanuel Macron as the French President, though uncertainty over the timing of elections in Italy is an issue
- Equity market volatility is close to record lows, with sell-offs short-lived and key equity market indices in the US hitting fresh all-time highs in May

Zurich's view

Equity markets, especially developed markets, continued to exhibit strong momentum last month, bouncing back quickly from a one day sell-off over concerns surrounding President Donald Trump's surprise dismissal of FBI Director James Comey. After spiking briefly, volatility subsided quickly and the US Nasdaq and S&P 500 indices hit new record highs later in May. Sub-indices, such as the semi-conductors SOX index, typically seen as a very cyclical sector, also hit all-time highs. This suggests that equity markets should be resilient in the face of occasional concerns about political risks, as long as the macro and earnings fundamentals remain supportive.

However, credit markets appear expensive and although strong supply/demand technicals can drive more upside, further gains appear limited. Spreads are tight on a historical basis. In addition, leverage has increased steadily over the last few quarters and is running higher than the peaks of prior recessions. High yield companies are particularly vulnerable to a sharp pickup in funding costs.

Key developments

Zurich's view

Global

- The synchronised global recovery continues to broaden out, but the latest data show that a further acceleration is unlikely
- Inflation peaks and underlying dynamics remain subdued, with many regions still exhibiting slack
- While the Fed continues to normalise policy, most other central banks keep accommodative policy unchanged

The synchronised global recovery has broadened out, with almost all major economies expanding. The trade upswing has been maintained, with world trade tracking at a healthy 4% pace YoY, helped by stronger capex spending, particularly in Asia. The most recent flash PMIs for the G3 economies showed a more mixed picture, however, with a slower momentum in the US and Japan in May, offsetting a further improvement in the Eurozone. Economic data have also softened in China, following a strong Q1, limiting further upside to global growth. Inflation has peaked on oil prices and underlying trends are subdued. While the Fed is normalising policy, other central banks are lagging behind, with policy expected to remain accommodative globally.

US

- US nonfarm payrolls rebound to 211'000 in April after a revision down to 79'000 in March
- Ex-FBI Director Mueller is named special counsel to investigate the Trump administration's Russia ties
- The manufacturing recovery continues with a solid rebound in industrial production

Economic data remained mixed last month, with economic surprises falling to the lowest in more than a year. Nevertheless, we expect activity to pick up from the relatively weak first quarter. The unemployment rate fell to 4.4%, matching the last cycle's lows. Nonfarm payrolls rebounded from March's disappointing number and initial jobless claims continue to hover around a four-decade low. While both business and consumer sentiment remain high, the stock market experienced the worst day since last September on the increasing political turmoil engulfing the Trump administration. While the appointment of Ex-FBI Director Robert Mueller as special counsel has removed some of the immediate pressure, the investigation weighs on the Trump administration and increases the risk of further delays in key policy areas.

UK

- The unemployment rate falls to the lowest level since 1975
- The BoE left the Bank Rate and the asset purchase programme unchanged, but slightly lowered its GDP forecast
- PMIs rebounded in April, indicating that firms remain optimistic regarding the economic outlook

The British economy lost further momentum entering Q2, according to NIESR's 3-month rolling GDP estimate, which slowed to 0.2% from 0.3% the month before. This contrasts with the BoE's forecast, which still stands at 1.9% for this year and which we think will have to be revised down further. Inflation will remain a major headwind for consumer spending with retail prices 3.5% higher than a year ago in April. As wage growth is not keeping pace with inflation, households' purchasing power is coming under pressure. At the same time, the labour market is holding up well with the unemployment rate falling to 4.6%, the lowest since 1975. While consumers are getting a bit more cautious, business sentiment remains upbeat, with the Composite PMI rebounding to a solid 56.2.

Eurozone

- Q1 GDP growth was well above trend
- Survey data point to a continuation of above trend growth in Q2
- The ECB will gradually adjust its dovish language and eventually wind down QE

The macro data in the Eurozone, especially the business surveys, continue to indicate an above trend pace of growth in the region. This has also been confirmed by the so called hard data, with Q1 growth recorded at 0.5% QoQ (1.7% YoY), and Q4 2016 growth revised up from 0.4% QoQ to 0.5% QoQ. Crucially, the improving macro outlook has also been reflected in robust corporate earnings growth for Q1, with 10 out of 11 sectors having recorded positive earnings growth. Given the improved macro outlook, the ECB will likely change its forward guidance in the next few months, removing the reference to interest rates staying at present 'or lower' levels. It will also have to explain at some point how quickly it intends to reduce the pace of QE asset purchases from the end of this year.

Switzerland

- Activity expands at a healthy pace, but key indicators are softening
- Though headline inflation peaks on oil prices, services inflation continues to move higher
- The SNB is expected to keep policy unchanged, as global risks remain high

The manufacturing PMI and the KOF leading indicator were weaker than expected in April, indicating that the growth upswing is starting to fade. That said, the levels still imply growth at above trend, and it is encouraging that momentum in the financial sector appears to be improving. Inflation is also showing better dynamics, which is critical given persistently weak nominal growth. Although headline CPI has peaked for now, core measures are edging up, with services inflation in particular showing better dynamics. The currency weakened against the euro following the positive outcome in the French election, but it has gained on a trade-weighted basis, remaining strong. We therefore maintain our view on the SNB, with policy expected to stay unchanged for now.

Key developments

Zurich's view

Japan

- Economic momentum remains strong
- Monetary policy is expected to remain unchanged
- Japanese equities have started to outperform again, but remain susceptible to the USDJPY

Japan's economy accelerated in Q1, growing by 2.2% on a sequential, annualised basis, up from an upward revised 1.4% in Q4. Growth was broad based, and we are encouraged that private consumption has finally grown stronger than expected. Capex remained resilient, following a boost in the prior quarter, while residential investment has started benefitting from the construction of the 2020 Olympic Village. Following two quarters of export-driven growth, domestic demand has now taken over the baton. Wage growth remains tepid, and consumer price inflation is still far away from the BoJ's 2% target. However, producer price inflation is slowly picking up, particularly in the service sector. Japanese equities have outperformed, but remain highly susceptible to the USDJPY rate.

China

- Economic momentum is levelling out
- Tighter credit and property market policy is taking its toll
- The MSCI China is outperforming global equity markets

As the government has intensified its efforts to deleverage speculative parts of the financial markets, including shadow banking, economic momentum has begun rolling over. This is fully in line with our expectations, as we have not been lured into getting overly excited by strong economic data in Q1. However, we are certainly not in the hard landing camp, but expect a slowdown rather than a collapse of growth. Of course, tightening might even have an impact on segments of the economy that are not prime targets of financial deleveraging, but the government will be able to add stimulus if needed. While domestic 'A'-shares have suffered, concerns have not been reflected in the MSCI China, which has benefitted from the strong performance of some internet heavyweights.

Australia

- The federal budget targets a return to surplus in 2020-21, allowing Australia to retain its AAA rating
- The budget should support sovereign bonds, but is unlikely to deliver any strong economic boost
- Melbourne Institute consumer inflation expectations are rising, contrasting with weak wage growth

Households experienced negative real wage growth in Q1 with wages up 1.9% YoY, 20 bps below headline CPI. Wage growth stabilised thanks to a pickup in public services wages. Private sector wage growth, especially in mining, remains soft. As a result, consumer confidence fell further. In contrast, NAB business confidence surged to a seven-year high, and employment and capex indices were especially strong. We still expect the consumer – business discrepancy to fade somewhat as the labour market tightens. Separately, the big 5 banks hit the headlines, following the announcement of a 6bps charge levied against their liabilities along with an inquiry into their mortgage pricing practices. The share price drop that followed seems overdone, given that the levy should affect ~5% of banks' combined profits.

Brazil

- Political uncertainty is back with a vengeance, putting reforms at risk
- The disinflationary trend is well entrenched, with inflation now below target
- The external accounts remain strong and green shoots are emerging domestically

Another bout of political instability is gripping the local markets and threatens to derail the critical fiscal reform process. The temperature will remain high in the coming weeks, with the risk of a political vacuum triggering an indirect election. Still, the economy is in much better shape, with strong external accounts anchored government spending, inflation below 4% for the first time in 10 years and a very accommodative central bank. Additionally, the composite PMI crossed the expansion line for the first time in more than two years, confirming that the economy has turned a corner. The uncertainty is more about what lies ahead in terms of both the 2018 growth trajectory and in fixing the fiscal slippage. Once again, time is of the essence and a quick resolution to the political stalemate is required.

Mexico

- Political trade rhetoric from the US has softened
- Economic activity remains brisk, underpinned by a strong labour market
- Inflation is deteriorating further with second-round effects

Q1 GDP growth was better than expected at 2.8%, but remains uneven with services leading and industrial production lagging. Looking forward, we expect domestic growth to fade and manufacturing to pick up, but not enough to prevent a general slowdown. Still, confidence is rebounding and the labour market remains brisk. The central bank hiked 25bps to 6.75% as inflation keeps climbing, crossing the 6% threshold. Banxico will certainly monitor the Fed decision next month when assessing the need for another 25bps hike. Upcoming state elections will be scrutinized for an indication as to the direction that the 2018 presidential election might take. NAFTA revisions will start in June as well, but the tone has softened considerably compared to earlier rhetoric.

Valuation snapshot (MSCI Indices)

Current trailing valuations

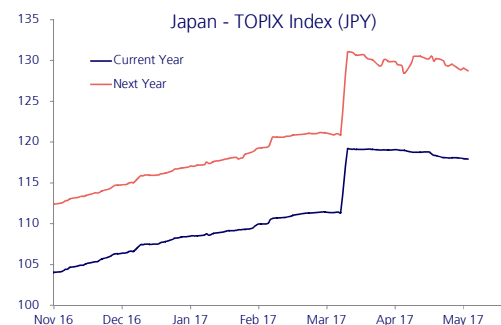
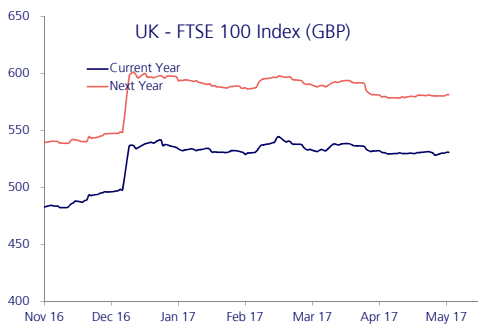
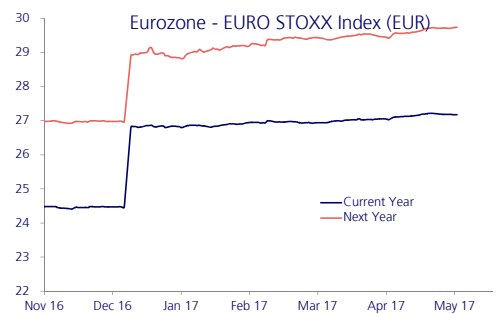
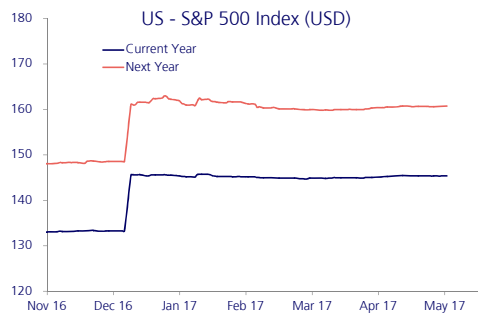
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	23.90	20.77	24.27	24.61	16.81	15.53	15.00	16.43	23.57
12m Trailing P/B	3.09	1.84	1.84	2.53	1.32	1.65	1.72	1.64	2.46
12m Trailing P/CF	13.30	8.24	8.49	14.85	8.42	9.44	7.01	6.66	9.83
Dividend Yield	2.01	3.10	3.90	3.19	2.05	2.74	2.02	3.05	1.98
ROE	12.92	8.87	7.58	10.28	7.83	10.61	11.49	9.99	10.45

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.14	0.99	1.16	1.17	0.80	0.74	0.71	0.78	1.12
12m Trailing P/B	1.40	0.84	0.83	1.15	0.60	0.75	0.78	0.74	1.12
12m Trailing P/CF	1.27	0.79	0.81	1.42	0.80	0.90	0.67	0.64	0.94
Dividend Yield	0.83	1.28	1.61	1.31	0.84	1.13	0.83	1.26	0.81
ROE	1.23	0.84	0.72	0.98	0.74	1.01	1.09	0.95	0.99

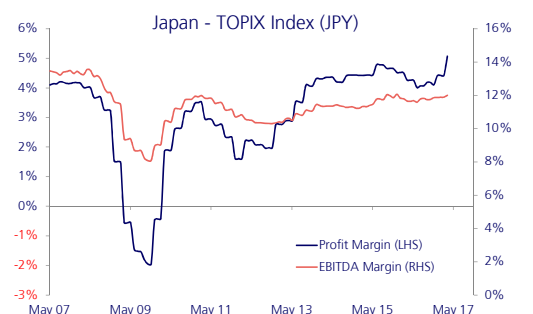
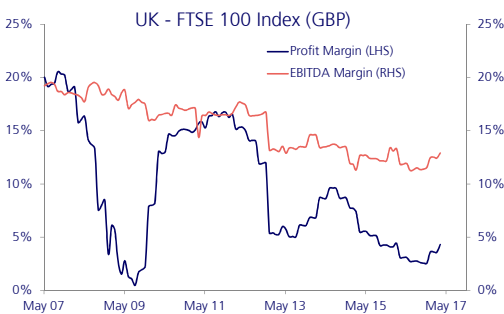
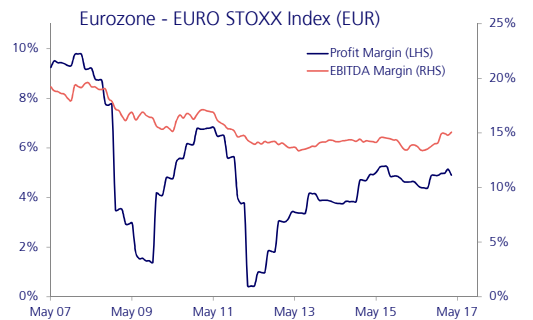
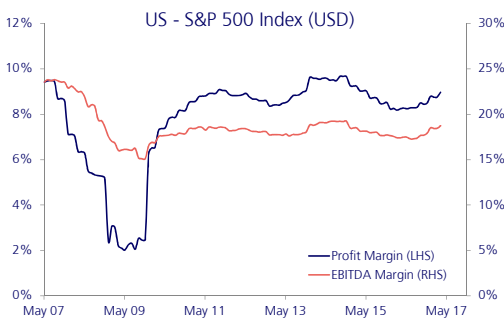
Source: Datastream

Earnings estimates - Full fiscal years



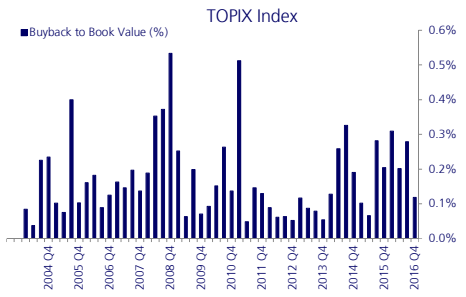
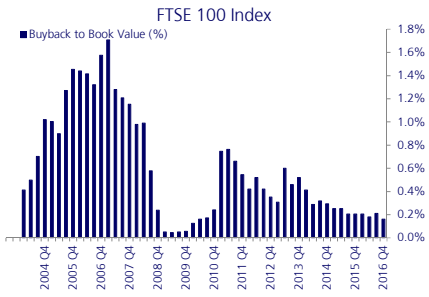
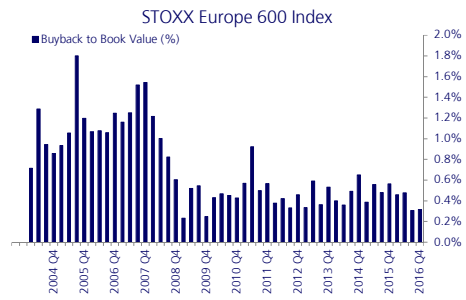
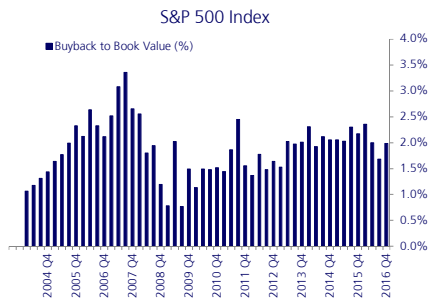
Historical margins

Source: Bloomberg



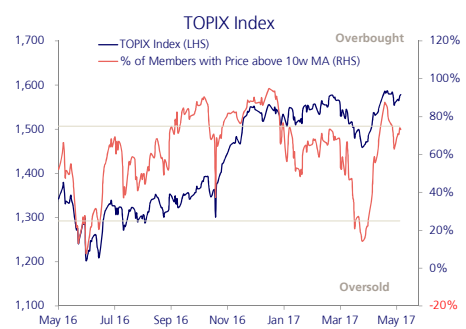
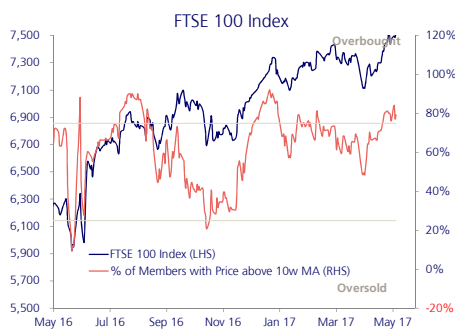
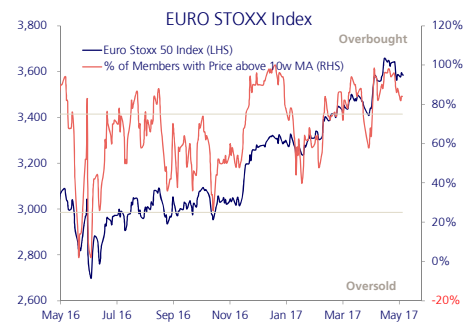
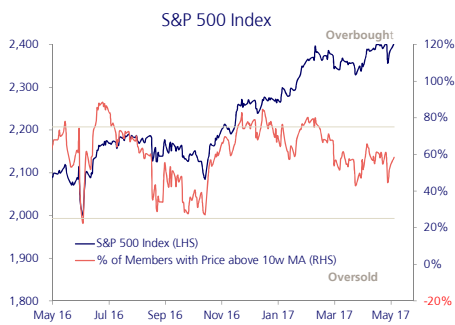
Source: Bloomberg

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)			
	May-17	1m ago	3m ago	1yr ago
UK	-123	-125	-123	-41
Germany	-191	-195	-213	-168
Switzerland	-237	-242	-252	-213
Japan	-220	-231	-224	-195
Australia	17	26	42	45
China	142	113	102	113
South Korea	-1	-14	-14	-4
Malaysia	163	176	171	207
Indonesia	471	474	521	607
Thailand	37		36	22
Philippines	182	n/a	n/a	n/a
Brazil	866	796	n/a	n/a
Mexico	508	493	496	426
Colombia	411	400	464	623
Peru	349	339	379	446

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	May-17	1m ago	3m ago	1yr ago
France	43	52	74	34
Netherlands	21	23	29	21
Belgium	36	46	54	38
Austria	29	30	26	18
Ireland	46	55	75	63
Italy	177	189	201	123
Spain	121	130	151	136
Portugal	281	323	375	288

Source: Bloomberg, ZIG

Economic data

US	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Trend*
ISM Manufacturing (Index)	50.7	51.0	52.8	52.3	49.4	51.7	52.0	53.5	54.5	56.0	57.7	57.2	54.8	up
ISM Non-Manufacturing (Index)	55.7	53.6	56.1	54.9	51.7	56.6	54.6	56.2	56.6	56.5	57.6	55.2	57.5	up
Durable Goods (% MoM)	4.8	-3.0	-4.8	4.1	0.6	-0.5	6.1	-4.6	0.3	0.3	1.4	2.3	-0.7	up
Consumer Confidence (Index)	94.7	92.4	97.4	96.7	101.8	103.5	100.8	109.4	113.3	111.6	116.1	124.9	120.3	up
Retail Sales (% MoM)	2.8	2.2	3.0	2.3	2.1	3.2	4.0	3.7	4.0	5.6	4.7	4.8	4.5	up
Unemployment Rate (%)	5.0	4.7	4.9	4.9	4.9	4.9	4.8	4.6	4.7	4.8	4.7	4.5	4.4	down
Avg Hourly Earnings YoY (% YoY)	2.6	2.3	2.5	2.6	2.5	2.7	2.5	2.5	2.5	2.4	2.5	2.3	2.3	down
Change in Payrolls ('000, MoM)	153.0	43.0	297.0	291.0	176.0	249.0	124.0	164.0	155.0	216.0	232.0	79.0	211.0	down
PCE (% YoY)	1.6	1.6	1.6	1.6	1.7	1.7	1.8	1.7	1.7	1.8	1.8	1.6		down
GDP (% QoQ, Annualized)			1.4			3.5						1.2		up
UK	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Trend*
PMI Services (Index)	52.3	53.5	52.3	47.4	52.9	52.6	54.5	55.2	56.2	54.5	53.3	55.0	55.8	down
Consumer Confidence (Index)	-3.0	-1.0	-1.0	-12.0	-7.0	-1.0	-3.0	-8.0	-7.0	-5.0	-6.0	-6.0	-7.0	up
Unemployment Rate (%)	5.0	4.9	4.9	4.9	5.0	4.8	4.8	4.8	4.8	4.7	4.7	4.6		down
CPI (% YoY)	0.3	0.3	0.5	0.6	0.6	1.0	0.9	1.2	1.6	1.8	2.3	2.3	2.7	up
GDP (% YoY)			1.7			2.0						2.0		up
Eurozone	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Trend*
PMI Manufacturing (Index)	51.7	51.5	52.8	52.0	51.7	52.6	53.5	53.7	54.9	55.2	55.4	56.2	56.7	up
PMI Services (Index)	53.1	53.3	52.8	52.9	52.8	52.2	52.8	53.8	53.7	53.7	55.5	56.0	56.4	up
Ifo Business Climate (Index)	106.7	107.7	108.9	108.6	106.6	109.6	110.5	110.4	111.0	109.9	111.1	112.2	113.0	up
Industrial Production (% MoM)	1.2	-1.0	0.6	-0.7	1.7	-0.6	0.1	1.7	-1.0	0.2	-0.1	-0.1		down
Factory Orders GE (% MoM)	-2.9	0.5	-0.2	-0.6	1.0	0.0	3.2	-1.9	6.1	-6.7	3.5	1.0		down
Unemployment Rate (%)	10.2	10.1	10.1	10.0	9.9	9.9	9.8	9.7	9.6	9.6	9.5	9.5		down
M3 Growth (% YoY, 3 months MA)	4.8	4.9	5.1	5.1	5.0	5.1	4.5	4.7	5.0	4.8	4.7	5.3		up
CPI (% YoY)	-0.2	-0.1	0.1	0.2	0.2	0.4	0.5	0.6	1.1	1.8	2.0	1.5	1.9	up
Core CPI (% YoY)	0.7	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.7	1.2	up
GDP (% QoQ)			0.3			0.4						0.5		up
Switzerland	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Trend*
KOF Leading Indicator (Index)	102.7	101.8	101.2	102.2	99.8	101.6	103.9	102.3	102.3	102.0	106.9	107.2	106.0	up
PMI Manufacturing (Index)	53.1	55.3	51.5	51.5	51.6	54.4	55.2	55.9	56.2	54.6	57.8	58.6	57.4	up
Real Retail Sales (% YoY)	-2.1	-2.0	-3.3	-3.0	-2.5	-2.1	-0.5	0.9	-3.8	-1.1	0.7	2.1		up
Trade Balance (Billion, CHF)	2.4	3.3	3.5	2.7	2.8	4.3	2.5	3.4	2.7	4.8	3.0	3.0	2.0	down
CPI (% YoY)	-0.4	-0.4	-0.4	-0.2	-0.1	-0.2	-0.2	-0.3	0.0	0.3	0.6	0.6	0.4	up
Japan	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Trend*
Nomura Manufacturing PMI (Index)	48.2	47.7	48.1	49.3	49.5	50.4	51.4	51.3	52.4	52.7	53.3	52.4	52.7	up
Machine Orders (% YoY)	-8.2	-11.7	-0.9	5.2	11.6	4.3	-5.6	10.4	6.7	-8.2	5.6	-0.7		down
Industrial Production (% YoY)	-3.2	-0.6	-1.6	-4.2	4.5	1.5	-1.2	4.4	3.1	3.2	4.7	3.5		up
ECO Watchers Survey (Index)	43.5	43.0	41.2	45.1	45.6	44.8	46.2	48.6	51.2	48.6	48.5	50.6	50.4	up
Jobs to Applicants Ratio (Index)	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5		up
Labour Cash Earnings (% YoY)	0.0	-0.1	1.4	1.2	0.0	0.0	0.1	0.5	0.5	0.3	0.4	0.0		down
Department Store Sales (% YoY)	-3.8	-5.1	-3.5	-0.1	-6.0	-5.0	-3.9	-2.4	-1.7	-1.2	-1.7	-0.9	0.7	up
Money Supply M2 (% YoY)	3.4	3.4	3.5	3.4	3.3	3.5	3.7	3.9	4.0	4.0	4.2	4.2	4.3	up
CPI Ex Food & Energy (% YoY)	0.5	0.5	0.5	0.3	0.2	0.0	0.2	0.1	0.0	0.1	-0.1	-0.3	-0.3	down
Exports (% YoY)	-10.1	-11.3	-7.4	-14.0	-9.6	-6.9	-10.3	-0.4	5.4	1.3	11.3	12.0	7.5	up
China	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Trend*
PMI Manufacturing (Index)	50.1	50.1	50.0	49.9	50.4	50.4	51.2	51.7	51.4	51.3	51.6	51.8	51.2	up
Industrial Production (% YoY)	6.0	6.0	6.2	6.0	6.3	6.1	6.1	6.2	6.0			7.6	6.5	up
Retail Sales (% YoY)	10.1	10.0	10.6	10.2	10.6	10.7	10.0	10.8	10.9			10.9	10.7	down
PPI (% YoY)	-3.4	-2.8	-2.6	-1.7	-0.8	0.1	1.2	3.3	5.5	6.9	7.8	7.6	6.4	up
Exports (% YoY)	-5.3	-6.9	-6.8	-6.5	-3.8	-10.4	-7.9	-1.5	-6.2	7.6	-1.5	16.4	8.0	up
CPI (% YoY)	2.3	2.0	1.9	1.8	1.3	1.9	2.1	2.3	2.1	2.5	0.8	0.9	1.2	down
RRR (%)	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	neutral
GDP (% YoY)			6.7			6.7						6.9		up
PMI Non Manufacturing (Index)	50.1	50.1	50.0	49.9	50.4	50.4	51.2	51.7	51.4	51.3	51.6	51.8	51.2	up
Aggregate Financing (Billions, CNY)	780.9	677.0	1647.9	479.1	1460.5	1711.5	886.5	1832.8	1626.0	3720.2	1086.4	2136.3	1394.2	down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Trend*
AiG Manufacturing (Index)	53.4	51.0	51.8	56.4	46.9	49.8	50.9	54.2	55.4	51.2	59.3	57.5	59.2	up
AiG Service (Index)	49.7	51.5	51.3	53.9	45.0	48.9	50.5	51.1	57.7	54.5	49.0	51.7	53.0	down
Westpac Consumer Confidence (% MoM)	-4.0	8.5	-1.0	-3.0	2.0	0.3	1.1	-1.1	-3.9	0.1	2.3	0.1	-0.7	up
Building Approvals (% YoY)	4.1	-2.1	-4.7	5.5	13.6	-4.8	-23.9	-5.0	-10.8	-12.0	-4.9	-19.9		up
Employment Change ('000, MoM)	-8.2	17.2	11.3	29.8	-19.0	-26.4	12.2	46.5	14.3	5.0	3.6	60.0	37.4	up

Brazil	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Trend*
CPI (% YoY)	9.3	9.3	8.8	8.7	9.0	8.5	7.9	7.0	6.3	5.4	4.8	4.6	4.1	down
Industrial Production (% YoY)	-11.4	-6.7	-7.4	-5.5	-6.3	-5.0	-4.4	-7.5	-1.4	-0.2	1.4	-0.8	1.1	up
Retail Sales (% YoY)	-5.7	-6.9	-9.0	-4.8	-5.6	-5.5	-5.7	-8.1	-3.8	-4.9	-1.2	-3.7	-4.0	up
Trade Balance (Millions, USD)	4862.0	6439.0	3975.0	4577.0	4140.0	3802.0	2346.0	4756.0	4415.0	2724.0	4560.0	7145.0	6969.0	up
Budget Balance Primary (Billions, BRL)	-13.2	-60.6	-32.2	-53.4	-62.9	-67.1	3.4	-80.4	-105.2	0.3	-54.2	-54.3	-15.4	up

Chile	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Trend*
IMACEC Economic Activity Index (% YoY)	1.21	2.53	1.32	0.87	2.96	1.45	-0.26	1.02	0.59	1.45	-1.29	0.23		down
CPI (% YoY)	4.20	4.20	4.20	4.00	3.40	3.10	2.80	2.90	2.70	2.80	2.70	2.70	2.70	down
Retail Sales (% YoY)	5.12	1.82	0.83	3.19	-0.22	4.05	1.08	1.49	2.69	3.85	-1.18	4.91		up
Industrial Production (% YoY)	-3.28	-3.14	-4.68	-2.47	3.10	-0.46	-7.19	-0.09	1.28	-1.23	-7.56	-8.28		down
Unemployment (%)	6.40	6.80	6.90	7.10	6.90	6.80	6.40	6.20	6.10	6.20	6.40	6.60		up

Mexico	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Trend*
PMI (Index)	51.2	51.4	49.4	49.1	49.8	51.0	50.1	48.7	48.4	48.5	46.3	46.0	45.0	down
CPI (% YoY)	2.5	2.6	2.5	2.7	2.7	3.0	3.1	3.3	3.4	4.7	4.9	5.4	5.8	up
Retail Sales (% YoY)	10.6	8.6	9.4	7.9	8.9	8.1	9.3	11.2	9.0	4.9	3.6	6.1		down
Industrial Production (% YoY)	2.4	0.7	1.4	-0.6	3.7	0.1	-0.5	4.4	1.8	4.5	1.3	8.5		up
Remittances (Millions, USD)	2170.5	2476.2	2306.8	2241.4	2269.0	2374.2	2220.4	2371.1	2338.6	2062.3	2056.9	2520.3		down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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