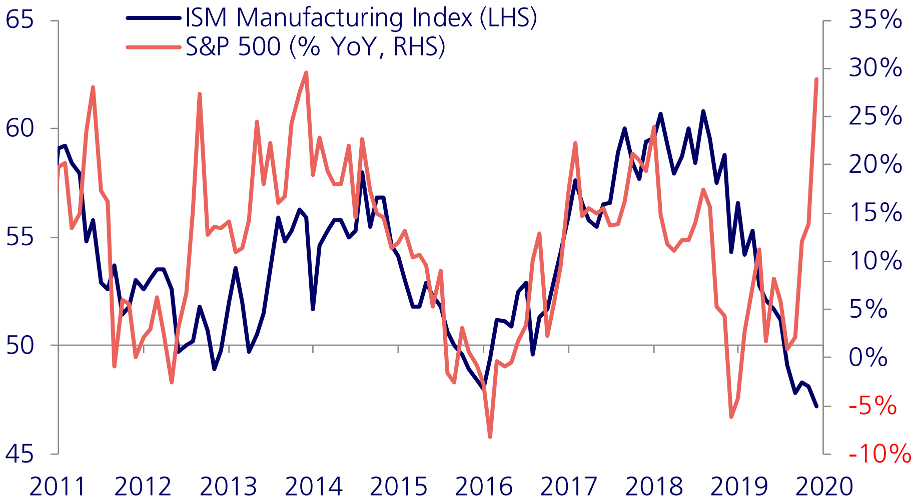
January 10, 2020

ZURICH

Monthly Investment Insights

Something's got to give…



Source: Bloomberg

The year, and the decade for that matter, closed out in a very positive manner for financial assets, with many asset classes posting new records. Equities, particularly US stocks, have been star performers, with the S&P 500 up 31.5% in total return terms over the year and by over 250% in the decade. 2019 turned out to be an unusual year, in which it was hard for investors to lose money in absolute terms. Credit, government bonds, commodities and real estate all performed admirably, as the profound shift towards central bank easing lived up to its tidal analogy of 'lifting all boats'. Capturing relative gains was more challenging, but 2019 was certainly a year that favoured risk assets, as slowing global growth, stagnating earnings, social uprisings, tariff escalations and geopolitical frictions were pushed to the side with investors latching on to liquidity induced optimism. Unfortunately, while fund flows and momentum may run for a bit longer, we see a different year ahead and have shifted to a tactically more cautious stance towards equities.

The 'Santa rally' has been quite pronounced, with investors taking on the festive cheer and moving funds into stocks. The mood has shifted from fears of economic contraction to optimism that the manufacturing recession of 2019 may now be behind us. While some of the trade readings in Asia have indeed been better and PMI survey data have been less bad, levels are still extremely poor. Interestingly, it is the US manufacturing sector that is now looking more alarming, with the chart above showing significant contraction underway — not the best platform for the president to be campaigning on in an election year. From being overly pessimistic back in the summer, when we took a more constructive view on stocks, the sentiment pendulum of investors has now swung the other way, with risk of disappointment high.

Unfortunately, with the Fed on hold, there is unlikely to be a liquidity impulse in the near term to bolster investor confidence as was so evident last year. This will also mean that there is no longer an offset to geopolitical tensions. While we expect the ceremonial signing of the phase one trade agreement next week to be applauded, little else of substance is likely to follow. In the meantime, the latest evolution of the Middle East crisis is extremely dangerous and unpredictable. From a market perspective, risks have certainly increased while the potential for returns has diminished. Not a bad time, perhaps, to book some profits and seek shelter.

Market Assessment

Key developments

- Geopolitical tensions escalate following the US killing of Iranian general Qasem Soleimani and a modest Iranian response, with the risk of further reprisals elevated
- Economic data are perceived more positively by investors, with tentative signs of stabilisation in manufacturing activity in some regions
- Financial markets remain in bullish mode, with equity momentum strong and many indices hitting record levels

Zurich's view

A combination of complacent investor sentiment, higher geopolitical risks and short-term overbought conditions turn us cautious on stocks.

Financial markets are likely to be more sensitive to geopolitics this year as the liquidity driver of rate cuts that was so prominent last year is diminishing. While investors have been encouraged by the steepening of yield curves and less bad manufacturing data, we caution that this is unlikely to mark a turn to higher economic growth. Indeed, we suspect that this is merely a lull in a lower growth trajectory.

Given the strong momentum in risk assets through the year end, with substantial flows bolstering the move, conditions are now looking stretched. We suspect that equities will be vulnerable once funds have been fully deployed and the year gets underway.

While credit markets may hold in for a little longer, fundamentals are poor and we suspect spreads will start to widen sooner rather than later. Bonds are somewhat rangebound, but yields are expected to decline again once it is recognised that economic growth remains in decline.

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	Key developments	Zurich's view
Global	• Manufacturing activity is weak, though conditions have not deteriorated further, while services activity is still holding up • The US-China phase one trade deal is positive and will reduce near term uncertainty, though underlying issues remain unresolved • Central banks remain in easing mode, but this is unlikely to trigger a meaningful growth rebound, given elevated debt levels and an extended economic cycle	The global economy remains weak and a more meaningful rebound in growth has failed to materialize. Manufacturing is still a weak spot, with the Global PMI slipping back in December, while services activity showed more resilience. Global trade remains in contraction compared to a year ago, although leading Asian trade data show better momentum, helped by the tech cycle. While the US-China phase one trade deal is positive, underlying structural issues have not been addressed, and disruptive trade developments are set to continue weighing on demand and activity. As debt levels remain high and the economic cycle is extended in many regions, this helps explain why growth is likely to remain weak, despite significant central bank actions
US	• The US and China agree on a partial trade deal, removing some near-term uncertainty • The ISM Manufacturing Index falls to the lowest level since 2009 • Home builder sentiment and building permits signal a rebound in the housing market	The S&P 500 hit a record level at the beginning of the year, diverging from weakening economic fundamentals. Into year-end, investor sentiment was lifted by the announcement that the US and China had agreed on a partial trade deal. However, while this removes some near-term uncertainty, most tariffs remain in place for now and growth momentum continues to slow. The latest publication of the ISM Manufacturing survey shows that the manufacturing sector remains in the doldrums with the index falling to 47.2, the lowest since June 2009. Both new orders and employment continued to weaken. On a more positive note, the Non-Manufacturing Index rose in December, indicating that contagion to the broader economy remains limited though new orders have softened, and employment ticked down as well.
UK	• Boris Johnson's landslide victory clears the path for the UK to leave the EU at the end of this month • The business outlook is still lacklustre as the UK's future relationship with the EU remains undefined • Sterling erases part of its post-election gains as PM Johnson excludes extending the transition period	The House of Commons passed the withdrawal agreement bill after the Conservative Party emerged as the clear election winner, putting the UK on course to leave the EU at the end of this month. While this removes near-term political uncertainty, businesses must still cope with an uncertain future as trade negotiations with the EU will start soon and the time to reach an agreement is unrealistically short. The Manufacturing PMI fell back to 47.5 in December, reflecting the sector's ongoing woes. Services fared slightly better with the corresponding index at 50, but overall the surveys still point to a very modest growth environment. Both sterling and equities will benefit from reduced political uncertainty, opening a potential window of opportunity for assets to recover from last year's underperformance.
Eurozone	• ECB President, Christine Lagarde, announces a review of monetary policy • Manufacturing business sentiment stabilises further, but hard data remain weak for now • Overall, the Eurozone economy is expanding at a below trend pace, leaving it fragile and vulnerable to further shocks	ECB President Christine Lagarde announced a review of monetary policy that will last most of 2020. The review will be wide-ranging, including issues such as climate change and inequality, as well as inflation. We expect the ECB will be cautious in announcing any further changes in monetary policy in the meantime. Eurozone equity markets have been buoyed by the phase one trade deal between the US and China and signs that things should improve over the coming months despite the currently very weak conditions in the manufacturing sector. Indeed, on the data front there was further evidence of stabilisation in business sentiment, with the German ifo survey rising to a six-month high for example. However, hard data remain poor for now with industrial output still contracting.
Switzerland	• The slump in the manufacturing sector eases, with the PMI rising above 50 for the first time since 2019 Q1, though conditions remain fragile • Inflation recovers after a short deflationary period, but the underlying trend is very weak and further upside is limited • The SNB leaves policy unchanged, with negative rates and forex interventions expected to stay in place through 2020	Economic conditions improved slightly in December, in line with our view of sluggish, but positive, growth in 2020. The Manufacturing PMI edged higher and is now back above 50 — which is the threshold for expansion — following three quarters of contraction. Annual CPI inflation, which turned negative in Q4, returned to positive territory. The increase was mainly driven by energy base effects though as underlying price pressures are still very weak. With the franc remaining strong, we expect inflation to flatten out from here, likely tracking at around 0.3% for 2020 as a whole. The SNB left policy unchanged in December, reiterating that negative rates will need to stay in place for a long time, to counter currency pressure, and we do not disagree with this assessment.

	Key developments	Zurich's view
Japan	• The government announces a substantial fiscal package, but actual fresh fiscal spending is limited • November consumption rebounds following a slump in October retail sales • Equities experience a bumpy ride	Although the government has announced a large stimulus package of JPY 26tn, only about JPY 9.4tn is indeed fresh fiscal spending (read our topical paper on Japan's fiscal package here). Nevertheless, fiscal stimulus at this stage will help to offset some of the adverse impact from the tax hike and encourage growth amid current weak macro conditions. A pickup of 4.5% MoM in November in retail sales confirms our view that effects of the consumption tax hike have not been as severe as in the past. The strong labour market and certain counterbalancing policy measures that were put in place seemed to be lending some support. Meanwhile, Japanese equities experienced a roller-coaster ride in December, one that we expect will extend through January.
China	• The People's Bank of China (PBoC) cuts the Reserve Requirement Rate (RRR) by 50bps, emphasising its support for the private sector • Activity data show some green shoots • Equities rally challenges last year's highs	The PBoC cut the RRR by a further 50bps, and an estimated RMB 800bn in liquidity is projected to be released into the system. The central bank reiterated its support for small and medium-size banks, which mainly serve SMEs and the private sector. Activity data, including November industrial production and retail sales as well as December Manufacturing PMI, have shown a decent performance. However, we remain cautious about becoming optimistic too soon as more evidence is needed to suggest a sustainable upward trend. Resilient economic data and the confirmed phase one trade deal have boosted the equity market. We maintain our cautiously optimistic stance.
Australia	• Employment growth rebounds, mainly driven by part-time jobs • Widespread wildfires weigh on economic activity • The equity market continues its ups and downs	Employment picked up in November, mainly driven by growth in part-time jobs. Widespread wildfires forced thousands of people to flee their homes, disrupting economic activity. The bushfires weigh on Australia's farms in particular, which have already suffered from a prolonged period of drought and extreme heat. Consumer and business confidence are likely to be dragged down, taking a toll on consumption and investment in the short term. However, the government has announced further fiscal spending to support affected households and businesses. Australian equities were volatile in December, and we expect market volatility to remain high given the fragile economic fundamentals, exacerbated by the severe impact of the natural disaster.
ASEAN	• The Manufacturing PMI shows further signs of a bottoming process • Regional central banks keep their policy rates unchanged • Equities come off the boil after a decent ride upward	The Manufacturing PMIs for major regional countries improved further, with Malaysia, Thailand and the Philippines crossing the 50 boom/bust line into expansionary territory. Regional central banks adopted a wait-and-see stance in December as previous rate cuts still need time to penetrate through the economy. While trade data continue to register negative prints for several countries on a YoY basis, the pace of decline was slower. This is consistent with improving export data in Korea and Taiwan, bellwethers for global trade. As investors turned a bit more bullish on emerging markets, ASEAN stocks gained traction in December. However, the upward trajectory is vulnerable. Given lacklustre global macro conditions, investors do not seem ready to rotate to emerging market equities.

Valuation snapshot (MSCI Indices)

Current trailing valuations

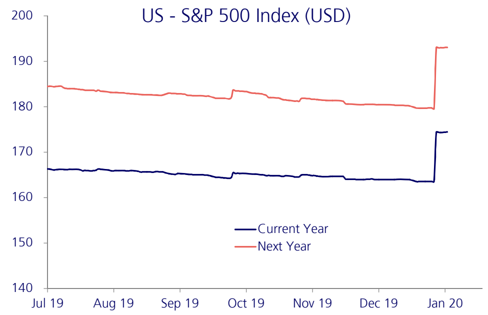
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	22.49	18.46	13.72	22.10	14.61	15.25	13.13	14.38	16.08
12m Trailing P/B	3.56	1.92	1.70	3.01	1.33	1.65	1.70	2.16	2.00
12m Trailing P/CF	14.75	10.81	9.24	11.49	8.70	9.99	8.70	10.82	7.75
Dividend Yield	1.86	3.12	4.60	2.83	2.32	2.75	2.00	3.46	3.22
ROE	15.84	10.40	12.36	13.60	9.09	10.79	12.95	15.04	12.45

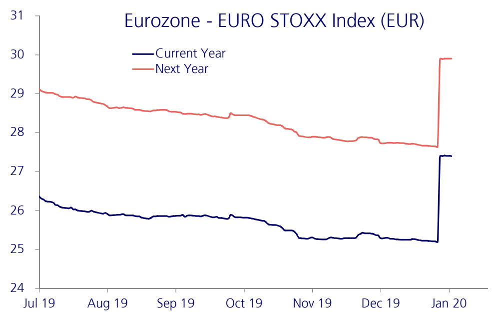
Current trailing valuations relative to MSCI world

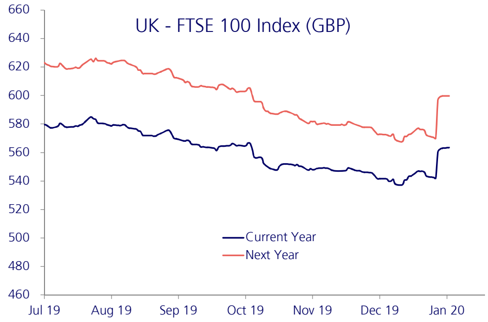
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.20	0.98	0.73	1.18	0.78	0.81	0.70	0.77	0.86
12m Trailing P/B	1.50	0.81	0.71	1.27	0.56	0.69	0.72	0.91	0.84
12m Trailing P/CF	1.22	0.89	0.76	0.95	0.72	0.83	0.72	0.89	0.64
Dividend Yield	0.77	1.30	1.91	1.18	0.96	1.14	0.83	1.44	1.34
ROE	1.25	0.82	0.98	1.08	0.72	0.85	1.02	1.19	0.98

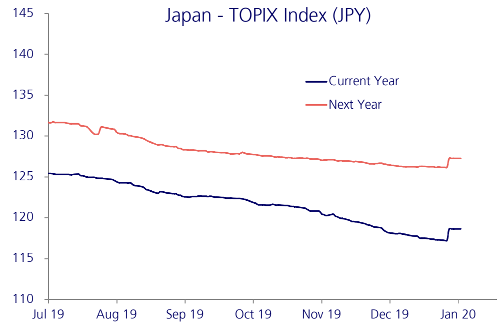
Source: Datastream

Earnings estimates - Full fiscal years



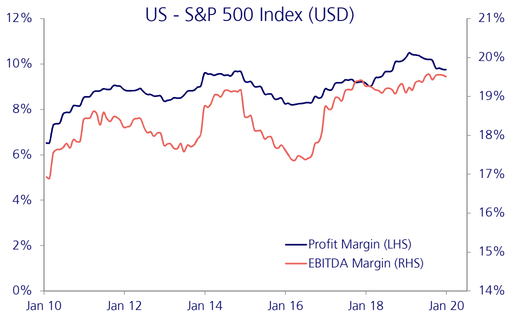


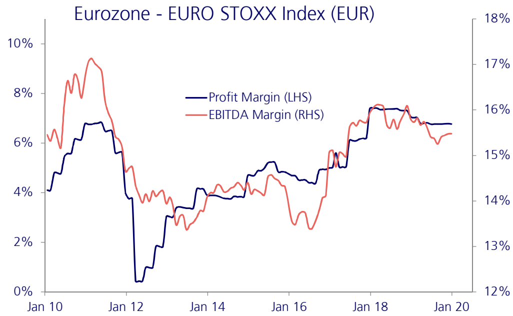


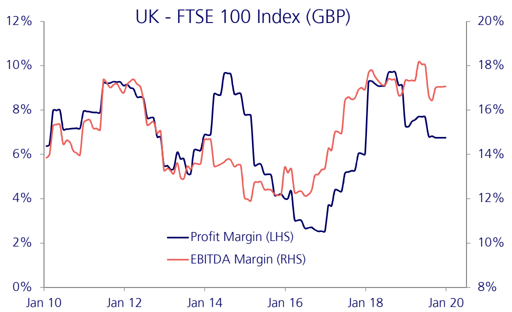


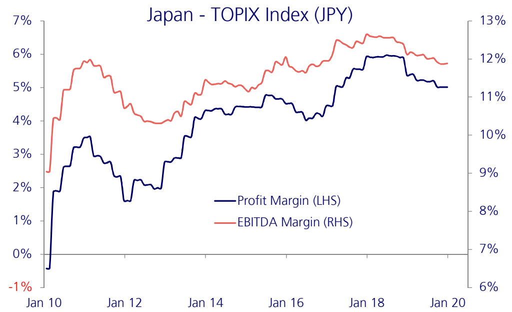
Source: Bloomberg

Historical margins





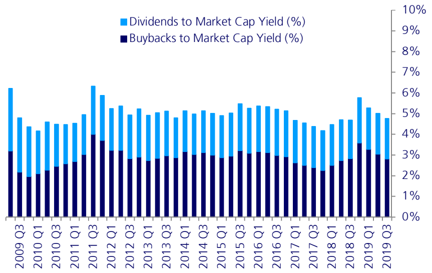




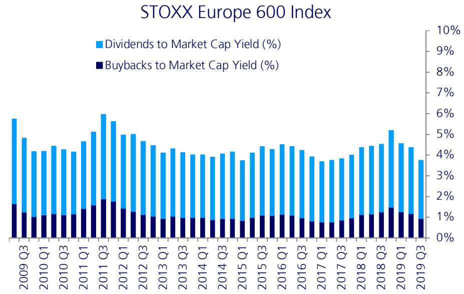
Source: Bloomberg

Dividends and shares buybacks

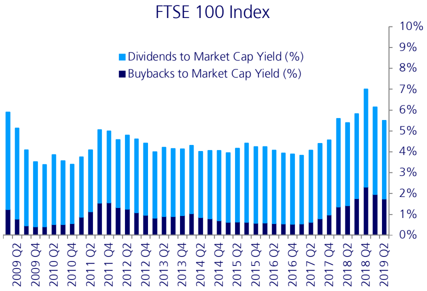
S&P 500 Index



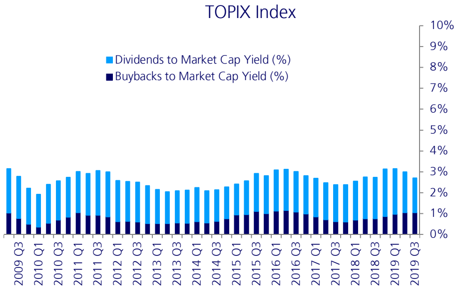
STOXX Europe 600 Index



FTSE 100 Index



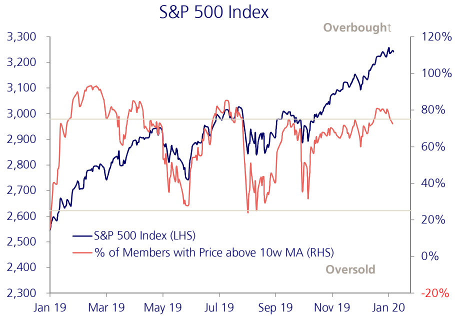
TOPIX Index



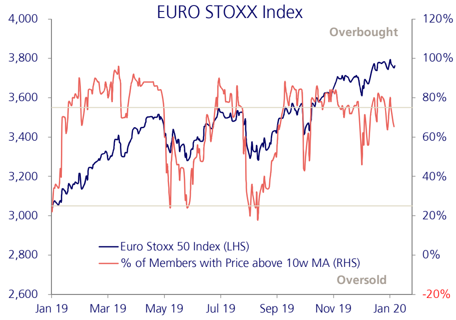
Source: Bloomberg

Overbought / Oversold

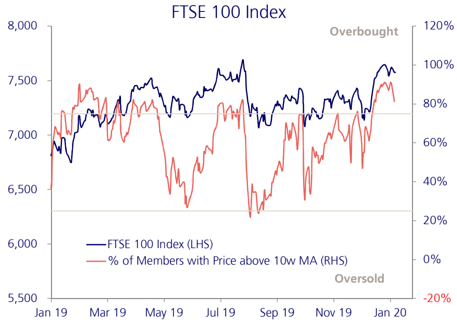
S&P 500 Index



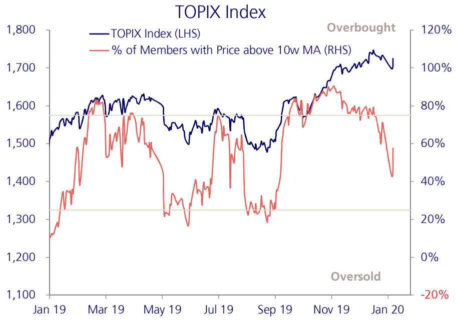
EURO STOXX Index



FTSE 100 Index



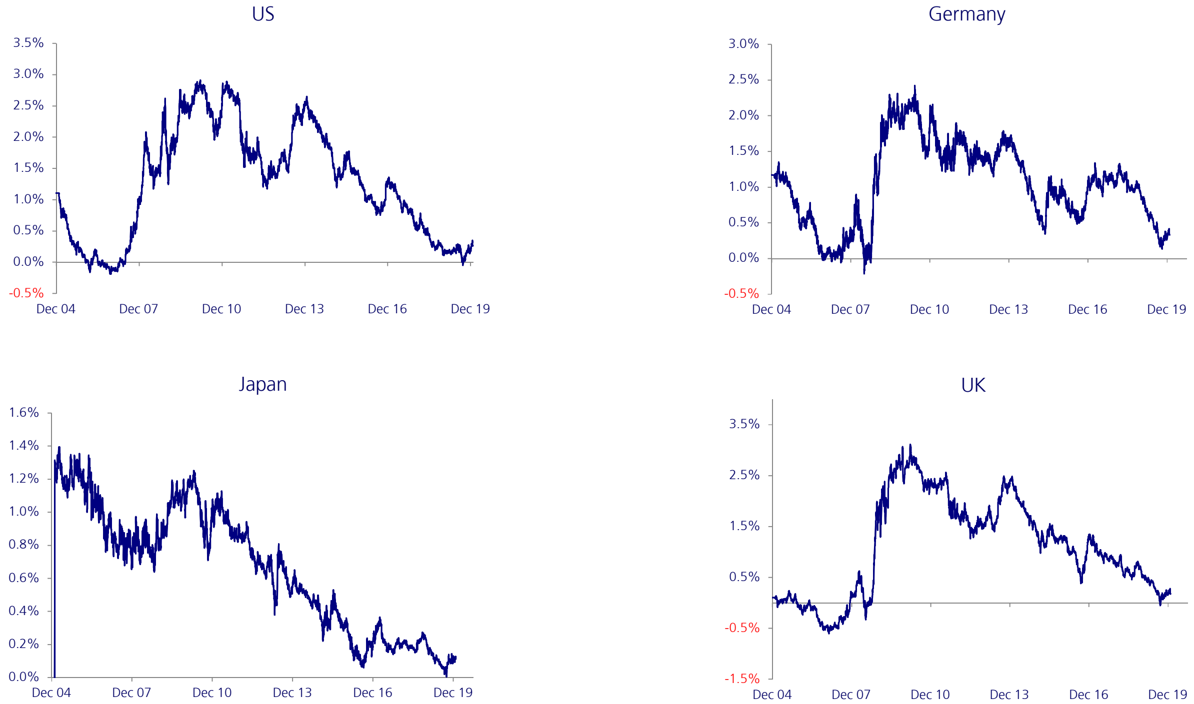
TOPIX Index



Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Jan-20	1m ago	3m ago	1yr ago
UK	-103	-106	-112	-144
Germany	-209	-212	-213	-248
Switzerland	-234	-243	-233	-288
Japan	-181	-184	-178	-271
Australia	-59	-71	-70	-43
China	134	137	154	47
South Korea	-17	-15	-16	-72
Malaysia	149	159	181	138
Indonesia	526	527	569	519
Thailand	-45		-12	-23
Philippines	226	n/a	n/a	n/a
Brazil	504	n/a	534	648
Mexico	505	517	515	586
Colombia	454	466	437	410
Peru	233	242	244	291

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Jan-20	1m ago	3m ago	1yr ago
France	30	32	33	51
Netherlands	13	14	14	15
Belgium	29	29	32	56
Austria	22	24	26	28
Ireland	30	35	56	73
Italy	166	164	142	268
Spain	68	78	70	128
Portugal	65	71	68	160

Source: Bloomberg, ZIG

Economic data

US	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
ISM Manufacturing (Index)	54.3	56.6	54.2	55.3	52.8	52.1	51.7	51.2	49.1	47.8	48.3	48.1	47.2	down
ISM Non-Manufacturing (Index)	58.0	56.7	59.7	56.1	55.5	56.9	55.1	53.7	56.4	52.6	54.7	53.9		down
Durable Goods (% MoM)	1.1	0.5	-2.6	1.7	-2.8	-2.3	1.8	2.1	0.2	-1.5	0.2	-2.0		down
Consumer Confidence (Index)	126.6	121.7	131.4	124.2	129.2	131.3	124.3	135.8	134.2	126.3	126.1	126.8	126.5	down
Retail Sales (% MoM)	1.4	2.6	1.9	3.8	3.8	3.0	3.3	3.5	4.4	4.0	3.2	3.3		down
Unemployment Rate (%)	3.9	4.0	3.8	3.8	3.6	3.6	3.7	3.7	3.7	3.5	3.6	3.5		down
Avg Hourly Earnings YoY (% YoY)	3.5	3.4	3.4	3.4	3.3	3.4	3.4	3.5	3.5	3.5	3.8	3.7		up
Change in Payrolls ('000, MoM)	227.0	312.0	56.0	153.0	216.0	62.0	178.0	166.0	219.0	193.0	156.0	266.0		up
PCE (% YoY)	2.0	1.8	1.6	1.5	1.6	1.5	1.6	1.6	1.8	1.7	1.7	1.6		down
GDP (%, QoQ, Annualized)	1.1			3.1			2.0			2.1				

UK	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
PMI Services (Index)	51.2	50.1	51.3	48.9	50.4	51.0	50.2	51.4	50.6	49.5	50.0	49.3	50.0	down
Consumer Confidence (Index)	-14.0	-14.0	-13.0	-13.0	-13.0	-10.0	-13.0	-11.0	-14.0	-12.0	-14.0	-14.0	-11.0	down
Unemployment Rate (%)	4.0	3.9	3.9	3.8	3.8	3.8	3.9	3.8	3.9	3.8	3.8			down
CPI (% YoY)	2.1	1.8	1.9	1.9	2.1	2.0	2.0	2.1	1.7	1.7	1.5	1.5		down
GDP (% YoY)	1.4			2.0			1.2			1.1				

Eurozone	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
PMI Manufacturing (Index)	51.4	50.5	49.3	47.5	47.9	47.7	47.6	46.5	47.0	45.7	45.9	46.9	46.3	down
PMI Services (Index)	51.2	51.2	52.8	53.3	52.8	52.9	53.6	53.2	53.5	51.6	52.2	51.9	52.8	down
IFO Business Climate (Index)	101.0	100.0	99.0	99.9	99.5	98.3	97.6	96.0	94.4	94.7	94.7	95.1	96.3	up
Industrial Production (% MoM)	-1.0	1.7	-0.1	-0.2	-0.6	0.8	-1.5	-0.3	0.5	-0.1	-0.5			up
Factory Orders GE (% MoM)	1.1	-2.3	-4.0	1.0	0.3	-2.0	2.6	-2.1	-0.5	1.5	-0.4			up
Unemployment Rate (%)	7.8	7.8	7.8	7.7	7.6	7.6	7.5	7.6	7.5	7.6	7.5			down
M3 Growth (% YoY, 3 months MA)	4.2	3.7	4.2	4.6	4.7	4.8	4.5	5.1	5.7	5.6	5.7	5.6		up
CPI (% YoY)	1.5	1.4	1.5	1.4	1.7	1.2	1.3	1.0	1.0	0.8	0.7	1.0	1.3	up
Core CPI (% YoY)	0.9	1.1	1.0	0.8	1.3	0.8	1.1	0.9	0.9	1.0	1.1	1.3	1.3	up
GDP (% QoQ)	0.3			0.4			0.2			0.2				

Switzerland	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
KOF Leading Indicator (Index)	96.4	97.2	94.6	96.7	97.1	93.9	95.0	96.0	95.5	93.1	94.8	92.6	96.4	down
PMI Manufacturing (Index)	57.5	54.3	55.4	50.3	48.5	48.6	47.7	44.7	47.2	44.6	49.4	48.8	50.2	up
Real Retail Sales (% YoY)	-0.4	-0.2	-0.1	-0.8	-0.6	-0.5	1.0	1.1	-0.5	1.6	0.7			up
Trade Balance (Billion, CHF)	2.0	3.0	2.9	3.1	2.3	3.2	4.0	3.7	1.7	4.0	3.5	3.9		up
CPI (% YoY)	0.7	0.6	0.6	0.7	0.7	0.6	0.6	0.3	0.3	0.1	-0.3	-0.1	0.2	down

Japan	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
Nomura Manufacturing PMI (Index)	52.6	50.3	48.9	49.2	50.2	49.8	49.3	49.4	49.3	48.9	48.4	48.9	48.4	down
Machine Orders (% YoY)	0.9	-2.9	-5.5	-0.7	2.5	-3.7	12.5	0.3	-14.5	5.1	-6.1			up
Industrial Production (% YoY)	-2.0	0.7	-1.1	-4.3	-1.1	-2.1	-3.8	0.7	-4.7	1.3	-7.7	-8.1		down
ECO Watchers Survey (Index)	48.2	44.8	46.7	46.7	47.0	44.3	43.3	41.7	42.6	45.7	36.3	39.2		down
Jobs to Applicants Ratio (Index)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6		down
Labour Cash Earnings (% YoY)	1.5	1.2	-0.7	-1.3	-0.3	-0.5	0.4	-1.0	-0.1	0.5	0.0			up
Department Store Sales (% YoY)	-0.7	-2.9	0.4	0.1	-1.1	-0.8	-0.9	-2.9	2.3	23.1	-17.5	-6.0		up
Money Supply M2 (% YoY)	2.4	2.3	2.3	2.4	2.5	2.6	2.3	2.3	2.4	2.4	2.4	2.8		up
CPI Ex Food & Energy (% YoY)	0.1	0.3	0.3	0.3	0.5	0.3	0.3	0.4	0.4	0.3	0.3	0.5		neutral
Exports (% YoY)	-3.9	-8.4	-1.2	-2.4	-2.4	-7.8	-6.6	-1.5	-8.2	-5.2	-9.2	-7.9		down

China	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
PMI Manufacturing (Index)	49.4	49.5	49.2	50.5	50.1	49.4	49.4	49.7	49.5	49.8	49.3	50.2	50.2	up
Industrial Production (% YoY)	5.7			8.5	5.4	5.0	6.3	4.8	4.4	5.8	4.7	6.2		up
Retail Sales (% YoY)	8.2			8.7	7.2	8.6	9.8	7.6	7.5	7.8	7.2	8.0		down
PPI (% YoY)	0.9	0.1	0.1	0.4	0.9	0.6	0.0	-0.3	-0.8	-1.2	-1.6	-1.4		down
Exports (% YoY)	-4.4	9.4	-20.6	13.8	-2.8	1.0	-1.3	3.3	-1.0	-3.2	-0.8	-1.3		down
CPI (% YoY)	1.9	1.7	1.5	2.3	2.5	2.7	2.7	2.8	2.8	3.0	3.8	4.5		up
RRR (%)	14.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.0	13.0	13.0	13.0	down
GDP (% YoY)	6.4			6.4			6.2			6.0				down
PMI Non Manufacturing (Index)	49.4	49.5	49.2	50.5	50.1	49.4	49.4	49.7	49.5	49.8	49.3	50.2	50.2	up
Aggregate Financing (Billions, CNY)	1151.5													neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
AiG Manufacturing (Index)	50.0	52.5	54.0	51.0	54.8	52.7	49.4	51.3	53.1	54.7	51.6	48.1	48.3	down
AiG Service (Index)	52.1	45.2	46.7	45.9	47.6	52.3	51.4	44.4	52.3	51.8	55.2	53.7		up
Westpac Consumer Confidence (% MoM)	0.1	-4.7	4.3	-4.8	1.9	0.6	-0.6	-4.1	3.6	-1.7	-5.5	4.5	-1.9	down
Building Approvals (% YoY)	-21.3	-26.9	-11.5	-23.4	-21.5	-18.1	-23.8	-28.4	-18.5	-17.0	-23.6			up
Employment Change ('000, MoM)	16.0	34.6	8.8	27.5	27.9	38.2	3.2	32.2	38.2	13.3	-24.8	39.9		down

Brazil	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
CPI (% YoY)	3.8	3.8	3.9	4.6	4.9	4.7	3.4	3.2	3.4	2.9	2.5	3.3		down
Industrial Production (% YoY)	0.0	-3.8	-2.0	2.3	-6.1	-3.7	7.7	-5.8	-2.6	-2.1	1.1	1.0		up
Retail Sales (% YoY)	0.0	0.7	1.9	4.0	-4.4	1.8	1.0	0.1	4.3	1.4	2.2	4.2		up
Trade Balance (Millions, USD)	1713.0	3291.7	4545.8	5823.4	5719.0	5089.0	2293.4	3181.9	2246.0	1206.0	3428.0	5599.0		up
Budget Balance Primary (Billions, BRL)	-68.0	26.0	-45.0	-62.2	-28.0	-47.6	-30.1	-30.3	-63.6	-45.9	-10.9	-53.2		up

Chile	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
IMACEC Economic Activity Index (% YoY)	3.12	1.86	1.05	1.69	1.87	2.16	1.72	3.43	3.57	3.03	-3.42	-3.30		down
CPI (% YoY)	2.60	2.21	2.20	2.48	2.43	2.76	2.70	2.57	2.58	2.24	2.71	2.79		down
Retail Sales (% YoY)	0.02	0.05	0.94	-0.72	3.30	-1.20	1.62	1.87	-1.11	-11.91	-9.80			down
Industrial Production (% YoY)	1.60	-0.90	-3.55	-0.80	0.69	-0.17	-2.94	2.63	1.38	-0.20	-3.42	-1.83		down
Unemployment (%)	6.70	6.80	6.70	6.90	6.90	7.10	7.10	7.20	7.20	7.00	7.00	6.90		down

Mexico	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Trend*
PMI (Index)	49.2	50.0	53.6	50.5	52.0	49.1	48.5	48.8	47.2	48.0	46.5	46.6	46.8	down
CPI (% YoY)	0.0	4.4	3.9	4.0	4.4	4.3	4.0	3.8	3.2	3.0	3.0	3.0		down
Retail Sales (% YoY)	-0.5	0.7	2.5	1.6	1.6	2.8	1.0	2.1	2.6	2.4	0.4			down
Indutrial Production (% YoY)	0.1	1.3	1.0	2.4	-0.4	0.8	-1.0	3.4	-0.2	0.8	-1.2			down
Remittances (Millions, USD)	2991.2	2455.6	2438.4	2958.0	2937.0	3282.1	3183.5	3258.7	3356.4	3071.9	3125.5	2898.0		down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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