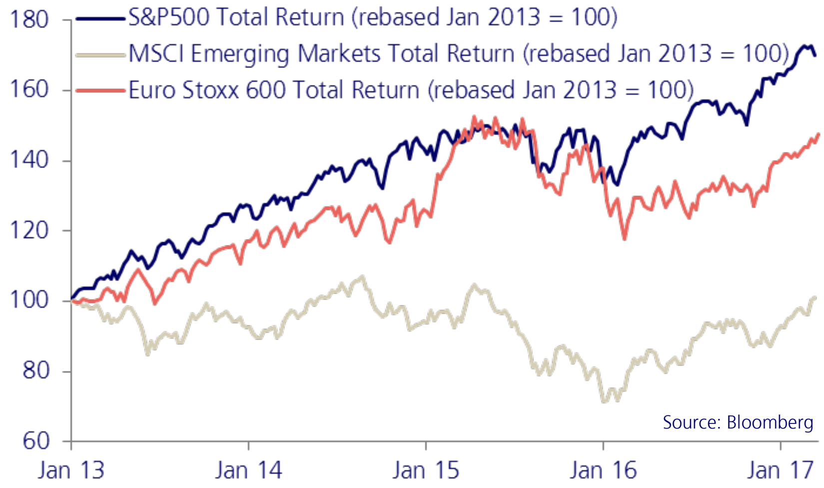
Monthly Investment Outlook

Investor rotation to EMs and the Eurozone is just getting started



Rhetoric met political reality in the US in March, with the Trump administration unable to pass its proposed healthcare reforms through Congress. We have been warning that investors were overly optimistic on the potential boost from Trump policy and the timing of when this would happen. However, what is arguably more important for the investment outlook than the politics in Washington is that for the first time in many years we are witnessing a globally synchronised economic upturn. Data from Asia, Latin America and Europe have generally surprised positively and are consistent with an above trend pace of growth at a global level. Importantly, this is also being translated into an improvement in the outlook for earnings, particularly in the Eurozone, Most of last year we had seen earnings declining in the Eurozone despite the economy growing.

Both EMs and the Eurozone have underperformed the US equity market for a number of years, but in the past month or two they have performed better on a relative basis, and we may now be entering a phase where these equity markets outperform relative to the US. This is often the case in the late stage of an economic cycle when 'high beta' markets are doing better. Indeed, the combination of improving macro and earnings fundamentals in markets where investors have been underweight or neutral for a long time can be a potent mix for outperformance.

Asian economic data continue to surprise on the upside, led by solid Chinese demand fundamentals. Earnings growth forecasts are at double-digit levels in China, Korea, and Taiwan and seem to be bottoming out in Malaysia. In Latin America, Brazil is gradually emerging from its deep recession and more widely on the continent monetary policy is becoming increasingly supportive as inflation falls back.

In the Eurozone, however, one near-term risk is the French presidential election. Admittedly, the centrist candidate, Emmanuel Macron, has done better in the polls recently and betting markets have downgraded the chances of a Le Pen victory. Victory by a mainstream candidate remains our base case. Nevertheless, the outcome remains uncertain and the election fluid, especially given the high number of 'undecideds' at this stage in a campaign. However, if this political uncertainty can be resolved satisfactorily, then we can expect that Eurozone equities will make up some of their lost ground versus the US equity market.

Overall, the supportive and synchronised nature of the global macro environment should be positive for risk assets over the next few months, especially equities in our view, and put gradual upward pressure on core government bond yields, provided political events are not disruptive.

Market Assessment

Key developments

- Political challenges on both sides of the Atlantic
- Equity investors rotate from US to EMs and Eurozone
- The globally synchronised economic upturn continues as the Fed raises rates

Zurich's view

There was a brief wobble in US and global equity markets in late March as investors reassessed the chances and likely timeline for the rest of President Trump's agenda, centred on tax cuts and fiscal stimulus. Nevertheless, the US economy continues to grow, creating a favourable backdrop for risk assets. In addition, we expect that Congress will agree to at least some tax cuts and extra spending, even if these are not on the scale that some analysts had earlier envisaged.

Overall, global equities continued to grind higher in March, taking Washington's policy gridlock, the Fed's rate hikes, and Europe's political uncertainty in stride. However, we think European government bond spreads could widen further ahead of the French elections as the outcome is still uncertain. Core government bond yields have remained largely rangebound, but we expect yields to drift gradually higher over the course of the year if political uncertainties are resolved.

In the credit space, US high yield has continued to underperform broader risk assets for the last few weeks. Within equity markets, we are seeing a rotation from the US to Emerging Markets (EMs) and the Eurozone. We think this trend has further to run, given that these regions have underperformed for many years relative to the US.

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	Key developments	Zurich's view
Global	• Global growth remains above trend, though near term momentum is slightly weaker • Headline inflation is peaking and focus now shifts back to the underlying trend, which remains muted in most regions Central banks look through the rise in headline inflation, with policy remaining accommodative	Global economic data are consistent with above trend growth in Q1, underpinned by a rebound in manufacturing activity and global trade. The upswing is broad-based, with both emerging and developed markets participating. That said, global new orders peaked in February and the G3 PMIs edged down in March, indicating that the acceleration is pausing. The underlying trend remains positive, however, with leading trade indicators remaining strong, helped by improving business confidence and stronger capex spending. Headline inflation rates are peaking as the oil price base effect fades away, allowing central banks to maintain supportive policy. This should help sustain the global expansion, despite high political risk.
US	• The Fed hikes rates for the second time in three months • CPI inflation accelerates to 2.7% YoY while Core PCE remains at 1.7% YoY • House Republicans fail to gather enough support to repeal the Affordable Care Act	Economic data continues to be strong, but the gap between sentiment and hard data has not disappeared. Small business sentiment remains close to its post-recession high, the ISM Manufacturing Index has further accelerated, and consumer sentiment indicators hover around the highest levels in years. On the other hand, industrial production was flat, capital goods orders fell and retail sales grew by a lackluster 0.1% in February. Nevertheless, the Fed hiked rates for the second time in three months, acknowledging the improvement in the economic outlook and the pickup in inflation. While the Fed wants to raise rates three times this year, this is not yet set in stone. Headline inflation is expected to peak soon and any meaningful impact from fiscal policy will more likely be felt in 2018 and beyond.
UK	• Nine months after the Brexit referendum, Theresa May activates Article 50 to leave the EU • Inflation is accelerating with retail prices up by 3.2% compared to a year ago • Retail sales recovered in February but the trend is still down	Overall, economic activity has been holding up reasonably well so far. At the margin, however, momentum has started to crumble. Business sentiment remains decent but has receded somewhat. The Markit Manufacturing PMI stood at 54.6 in February, down from 55.7 in January, while the Service PMI fell to 53.3 from 54.5. With Article 50 now finally triggered, Britain will face tough negotiations ahead. Setbacks are likely, which could have detrimental effects on business sentiment and investment. At the same time, inflation keeps eating into consumers' purchasing power, so household spending is unlikely to pick up in the near term. Retail prices were up by 3.2% YoY in February, and more is yet to come as indicated by producer prices. The PPI is up 19.1% compared to a year ago.
Eurozone	• Survey data very strong in Q1, though hard data lag • ECB language becomes less dovish • French elections still fluid despite Macron doing better in the polls	Some business surveys such as the Eurozone PMIs and German Ifo are at six-year highs, but hard data such as industrial production and retail sales have not been as robust so far, though they are still consistent with growth. The ECB kept monetary policy unchanged at its latest meeting, but there was a notable change in language to a less dovish stance. ECB President Mario Draghi recognised the improvement in the macro data and that the risks to the economic outlook are now less tilted to the downside, as well as there being less of a sense of urgency for the ECB to act. Overall, we expect a continuation of QE asset purchases through the whole of 2017, but if the data continue to exhibit strength, investors may increasingly focus on when the ECB will scale back QE further. In the near term, political uncertainty remains high with the French elections still very fluid.
Switzerland	• The recovery is broadening out, with consumption showing better dynamics • Headline inflation is peaking, while underlying inflation pressures remain muted • The SNB keeps policy unchanged, amid low underlying inflation and high political risk	The recovery is broadening out, helped by external demand and diminished domestic headwinds. Strong car sales and a rebound in tourism drove a further uptick in consumption in February, following firm consumption of 0.9% QoQ in 2016 Q4. The PMI reached a five-year high, with strong new orders pointing to further upside in the manufacturing sector. The broader KOF indicator also rose on diminished drag from finance and construction. A steep rise in CPI inflation took the headline measure to 0.6% YoY in March, helped by food and energy prices. Core inflation remains negative, however, confirming our view that the underlying trend is muted. As expected, the SNB kept policy on hold, and we do not expect policy to change over the coming months.

	Key developments	Zurich's view
Japan	• Japan's economy is growing at a healthy pace • A shift toward full-time employment is supporting aggregate labour income • Japanese equities are less driven by solid fundamentals than rather mainly by the USDJPY rate	While private consumption remains somewhat lacklustre, corporate capital spending keeps driving economic growth. Solid sales and earnings growth is supporting capex, while export volume is rising mainly on strong Asian, particularly Chinese, demand. The better than expected Reuters Tankan for March reflects the upbeat mood, particularly in the manufacturing sector. The latest 'shunto' round of wage negotiations indicates wage growth of around 2% for full-time employees at large companies, but the fact that a shift from part-time to full-time employees is visible increases overall labour income. Japan's equity market remains rangebound, and hinges on the daily moves of the USDJPY rate and the US 10yr yield, as the BoJ keeps monetary policy stable.
China	• Economic momentum remains brisk in Q1 • Monetary policy has tightened somewhat • The MSCI China has continued to rally following a setback	China's GDP growth target was set at around 6.5% at the National People's Party Congress in March. We believe this to be more a kind of a floor, indicating that stability in China's economic development is the prime target ahead of the big Communist Party Congress later this year. While fiscal policy will remain expansionary, monetary policy will move to a 'more neutral' stance. Reducing excess capacity will prevail as a policy target, though momentum is expected to decelerate somewhat. Following the Fed rate hike, short- and medium-term loan facility rates were pushed higher, which helped the USDCNY remain stable, reduced capital flight incentives and reined in some of the recent shadow banking excesses. Weaker retail sales growth should prove to be temporary.
Australia	• The central bank turns more confident in the sustainability of trade and commodity prices growth... • ...but warns that the risks associated with the property market have built up, as house prices and investor lending accelerate • The domestic equity market takes a breather, led by financials, as Australian treasury yields moderate, following US yields	We retain a positive economic view as monthly trade surpluses and strong business sentiment have persisted. Employment data have disappointed, but forward job openings and hiring intentions point toward some improvement. The RBA and APRA are working on stricter mortgage rules. We applaud this initiative, which, combined with low policy rates, should limit interest burden increases. Outside of Sydney and Melbourne, house prices are actually cooling, and we see regulations focused on the investor segment as most appropriate. Turning to markets, we view the moderation in metal prices growth as healthy, and think that a stabilisation around the current levels would still benefit the economy. Equities are experiencing a pull-back, but solid fundamentals should stay supportive in the medium term.
Brazil	• Fiscal reforms hit a bump as pension overhaul stalls • Disinflationary process is firmly in place • The economy is bottoming out, led by manufacturing and investments	Fiscal reforms remain Brazil's main vulnerability, and the greater uncertainty about the approval of pension reform is a testimony to it. The government revised down its growth expectations from 1.6% to a more reasonable 0.5% and announced that it will have an extra shortfall on the revenue side that will require an additional 58bn real fiscal effort. Fortunately, the monetary authority will keep the pedal to the metal in terms of the pace and size of rate cuts thanks to the inflation rate already getting close to the target. It should help the economic recovery that is starting to emerge in the manufacturing space. Despite the recent uptick in job creation for the first time in two years, consumption should remain lackluster.
Mexico	• The currency is on track for its best quarterly return in decades • The economy is rebalancing from consumption to manufacturing • Inflation is deteriorating further with notable FX pass-through effects	A double-digit peso rally, the result of central bank FX swaps policy, should moderate inflation pass-through effects. Still, inflation keeps creeping up and is now at 5.3%, the highest level since 2009, and core goods inflation is rising its fastest since 2010. The central bank will probably hike again, following the Fed. Consumption is now weakening due to deteriorating fundamentals. Real wages fell into negative territory while consumer confidence reached a historical low in the midst of tightening fiscal and monetary policies. Industrial production remains flat, but there are green sprouts emerging in the manufacturing space, which posted a 4.3% annual growth rate. Politics remain a hot topic with the NAFTA renegotiation on the table and the border wall proposal due by the end of March.

Valuation snapshot (MSCI Indices)

Current trailing valuations

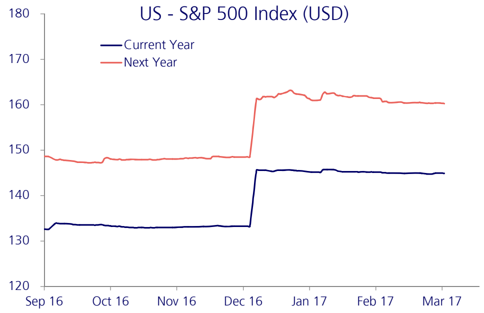
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	22.87	20.79	26.17	22.92	17.05	14.96	13.88	21.73	23.09
12m Trailing P/B	2.85	1.70	1.70	2.40	1.35	1.54	1.60	1.59	2.49
12m Trailing P/CF	12.65	7.90	10.55	13.05	8.55	8.47	6.01	6.94	10.02
Dividend Yield	2.09	3.42	4.14	3.43	2.05	2.89	2.20	3.38	1.89
ROE	12.46	8.17	6.49	10.45	7.94	10.30	11.56	7.33	10.77

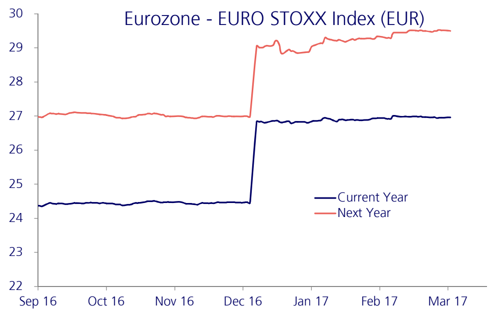
Current trailing valuations relative to MSCI world

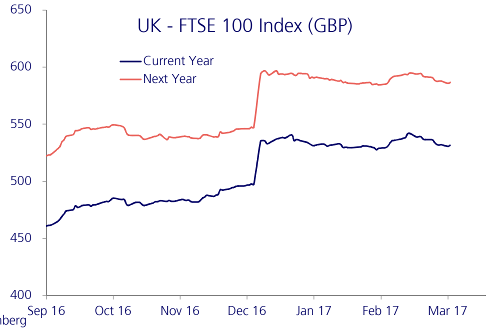
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.11	1.01	1.27	1.11	0.82	0.72	0.67	1.05	1.12
12m Trailing P/B	1.37	0.81	0.81	1.15	0.65	0.74	0.77	0.76	1.19
12m Trailing P/CF	1.25	0.78	1.04	1.29	0.84	0.84	0.59	0.68	0.99
Dividend Yield	0.82	1.35	1.63	1.35	0.81	1.14	0.87	1.33	0.74
ROE	1.24	0.81	0.64	1.04	0.79	1.02	1.15	0.73	1.07

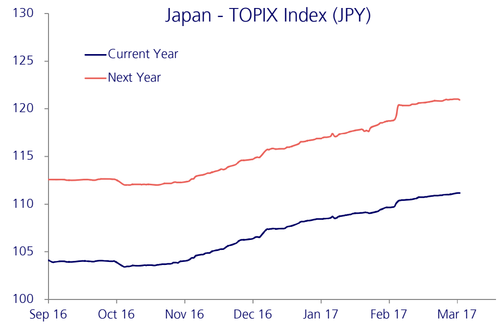
Source: Datastream

Earnings estimates - Full fiscal years



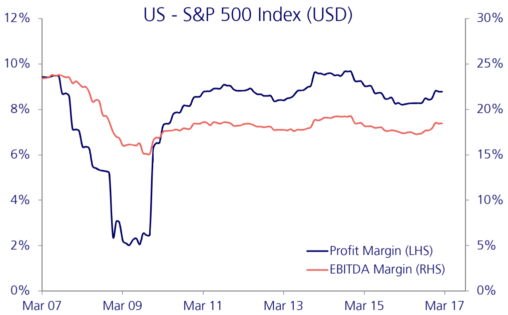


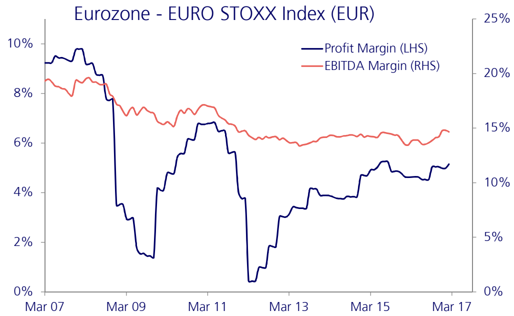


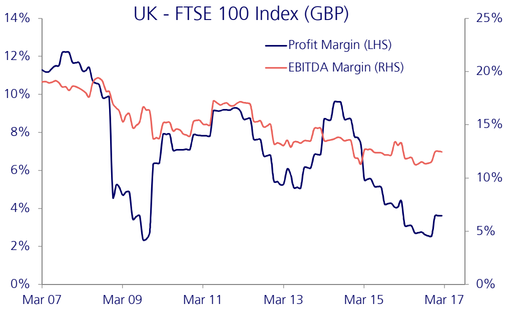


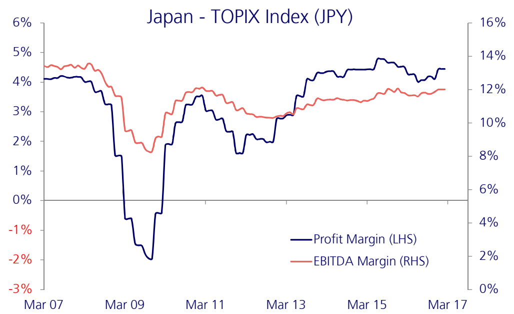
Source: Bloomberg

Historical margins



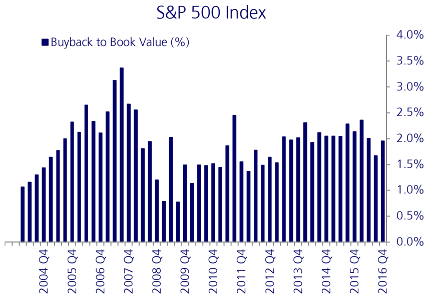


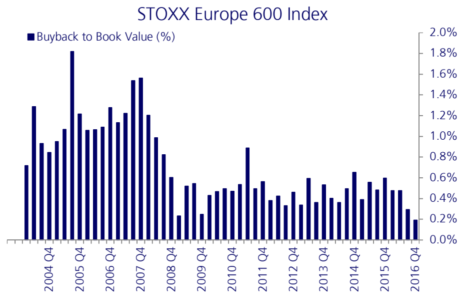


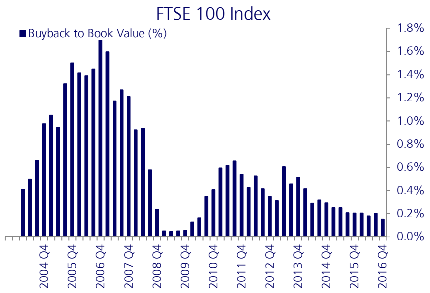


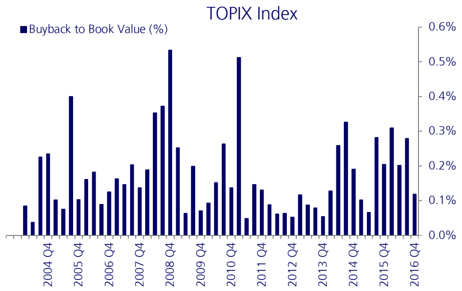
Source: Bloomberg

Shares buybacks



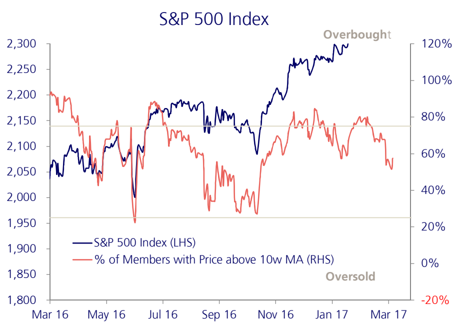


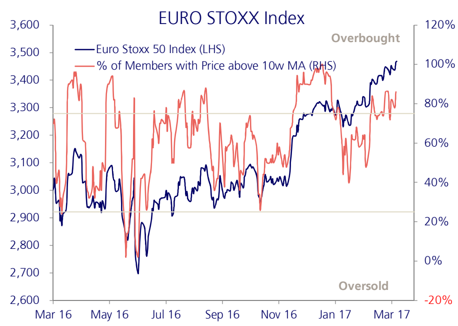


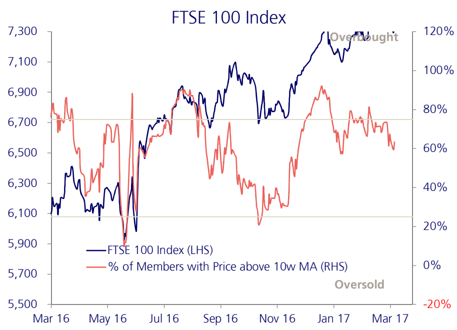


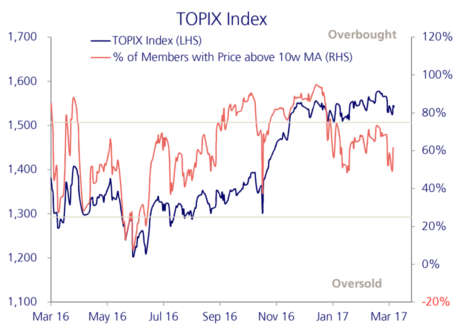
Source: Bloomberg

Overbought / Oversold



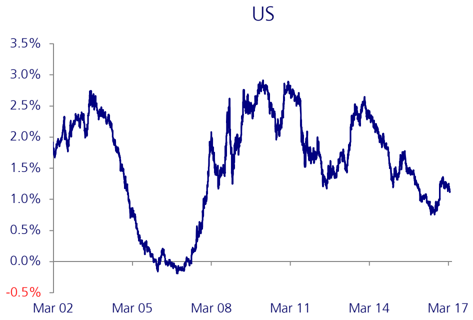


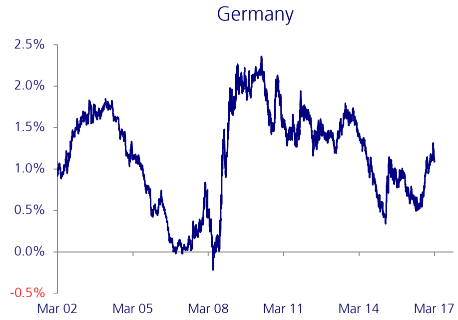




Source: Bloomberg

Yield Curve Steepness (2yr-10yr)





Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Mar-17	1m ago	3m ago	1yr ago
UK	-123	-123	-124	-39
Germany	-203	-213	-230	-167
Switzerland	-249	-252	-265	-214
Japan	-234	-224	-244	-189
Australia	32	42	30	77
China	88	102	57	108
South Korea	-24	-14	-38	-1
Malaysia	171	171	175	205
Indonesia	469	521	549	605
Thailand	29		24	-2
Philippines	166	n/a	n/a	n/a
Brazil	777	n/a	893	1,186
Mexico	476	496	503	425
Colombia	431	464	463	651
Peru	336	379	390	522

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Mar-17	1m ago	3m ago	1yr ago
France	57	74	48	34
Netherlands	25	29	14	22
Belgium	47	54	33	38
Austria	20	26	23	21
Ireland	62	75	56	60
Italy	176	201	162	110
Spain	129	151	115	130
Portugal	363	375	358	278

Source: Bloomberg, ZIG

Economic data

US	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Trend*
ISM Manufacturing (Index)	49.7	51.7	50.7	51.0	52.8	52.3	49.4	51.7	52.0	53.5	54.5	56.0	57.7	up
ISM Non-Manufacturing (Index)	54.3	54.9	55.7	53.6	56.1	54.9	51.7	56.6	54.6	56.2	56.6	56.5	57.6	up
Durable Goods (% MoM)	-3.3	2.0	3.2	-2.9	-4.3	3.6	0.2	0.3	5.0	-4.7	-0.9	2.3	1.7	up
Consumer Confidence (Index)	94.0	96.1	94.7	92.4	97.4	96.7	101.8	103.5	100.8	109.4	113.3	111.6	116.1	up
Retail Sales (% MoM)	3.5	1.7	3.0	2.2	2.8	2.4	2.2	3.3	4.2	3.9	4.4	6.0	5.7	up
Unemployment Rate (%)	4.9	5.0	5.0	4.7	4.9	4.9	4.9	4.9	4.8	4.6	4.7	4.8	4.7	down
Avg Hourly Earnings YoY (% YoY)	2.4	2.4	2.6	2.3	2.5	2.6	2.5	2.7	2.5	2.5	2.5	2.3	2.5	down
Change in Payrolls ('000, MoM)	237.0	225.0	153.0	43.0	297.0	291.0	176.0	249.0	124.0	164.0	155.0	238.0	235.0	up
PCE (% YoY)	1.7	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.6	1.7	1.7		down
GDP (%, QoQ, Annualized)		0.8			1.4			3.5						down

UK	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Trend*
PMI Services (Index)	52.7	53.7	52.3	53.5	52.3	47.4	52.9	52.6	54.5	55.2	56.2	54.5	53.3	up
Consumer Confidence (Index)	0.0	0.0	-3.0	-1.0	-1.0	-12.0	-7.0	-1.0	-3.0	-8.0	-7.0	-5.0	-6.0	down
Unemployment Rate (%)	5.1	5.1	5.0	4.9	4.9	4.9	4.9	4.8	4.8	4.8	4.8	4.7		down
CPI (% YoY)	0.3	0.5	0.3	0.3	0.5	0.6	0.6	1.0	0.9	1.2	1.6	1.8	2.3	up
GDP (% YoY)		1.6			1.7			2.0						down

Eurozone	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Trend*
PMI Manufacturing (Index)	51.2	51.6	51.7	51.5	52.8	52.0	51.7	52.6	53.5	53.7	54.9	55.2	55.4	up
PMI Services (Index)	53.3	53.1	53.1	53.3	52.8	52.9	52.8	52.2	52.8	53.8	53.7	53.7	55.5	up
IFO Business Climate (Index)	105.8	106.7	106.9	108.0	108.8	108.4	106.3	109.5	110.5	110.5	111.0	109.9	111.1	up
Industrial Production (% MoM)	-1.5	-0.9	1.5	-1.1	0.6	-0.7	2.0	-0.8	0.2	1.5	-1.2	0.9		down
Factory Orders GE (% MoM)	-1.0	2.8	-2.0	0.3	-0.3	0.4	0.8	-0.4	4.8	-3.6	5.2	-7.4		down
Unemployment Rate (%)	10.3	10.2	10.2	10.1	10.1	10.0	9.9	9.9	9.8	9.7	9.6	9.6		down
M3 Growth (% YoY, 3 months MA)	5.1	5.2	4.8	4.9	5.1	5.1	5.0	5.1	4.5	4.8	5.0	4.8	4.7	up
CPI (% YoY)	-0.2	0.0	-0.2	-0.1	0.1	0.2	0.2	0.4	0.5	0.6	1.1	1.8	2.0	up
Core CPI (% YoY)	0.8	1.0	0.7	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.9	0.9	0.9	up
GDP (% QoQ)		0.5			0.3			0.4						down

Switzerland	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Trend*
KOF Leading Indicator (Index)	102.7	103.8	102.7	101.8	101.2	102.2	99.8	101.6	103.9	102.2	102.1	102.0	107.2	up
PMI Manufacturing (Index)	51.1	53.0	53.1	55.3	51.5	51.5	51.6	54.4	55.2	55.9	56.2	54.6	57.8	up
Real Retail Sales (% YoY)	-1.0	-1.5	-2.0	-2.1	-3.2	-3.1	-2.6	-2.1	-0.8	0.8	-4.1	-1.4		up
Trade Balance (Billion, CHF)	3.8	2.1	2.4	3.3	3.5	2.8	2.9	4.3	2.5	3.4	2.7	4.8	3.1	up
CPI (% YoY)	-0.8	-0.9	-0.4	-0.4	-0.4	-0.2	-0.1	-0.2	-0.2	-0.3	0.0	0.3	0.6	up

Japan	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Trend*
Nomura Manufacturing PMI (Index)	50.1	49.1	48.2	47.7	48.1	49.3	49.5	50.4	51.4	51.3	52.4	52.7	53.3	up
Machine Orders (% YoY)	-0.7	3.2	-8.2	-11.7	-0.9	5.2	11.6	4.3	-5.6	10.4	6.7	-8.2		down
Industrial Production (% YoY)	-1.2	0.2	-3.3	-0.4	-1.5	-4.2	4.5	1.5	-1.4	4.6	3.2	3.7		up
ECO Watchers Survey (Index)	44.6	45.4	43.5	43.0	41.2	45.1	45.6	44.8	46.2	48.6	51.2	48.6	48.5	up
Jobs to Applicants Ratio (Index)	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4		up
Labour Cash Earnings (% YoY)	0.7	1.5	0.0	-0.1	1.4	1.2	0.0	0.0	0.1	0.5	0.5	0.3		up
Department Store Sales (% YoY)	0.2	-2.9	-3.8	-5.1	-3.5	-0.1	-6.0	-5.0	-3.9	-2.4	-1.7	-1.2	-1.7	up
Money Supply M2 (% YoY)	3.2	3.2	3.4	3.4	3.5	3.4	3.3	3.5	3.7	3.9	4.0	4.0	4.2	up
CPI Ex Food & Energy (% YoY)	0.6	0.6	0.5	0.5	0.5	0.3	0.2	0.0	0.2	0.1	0.0	0.1		down
Exports (% YoY)	-4.0	-6.8	-10.1	-11.3	-7.4	-14.0	-9.6	-6.9	-10.3	-0.4	5.4	1.3	11.3	up

China	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Trend*
PMI Manufacturing (Index)	49.0	50.2	50.1	50.1	50.0	49.9	50.4	50.4	51.2	51.7	51.4	51.3	51.6	up
Industrial Production (% YoY)		6.8	6.0	6.0	6.2	6.0	6.3	6.1	6.1	6.2	6.0			down
Retail Sales (% YoY)		10.5	10.1	10.0	10.6	10.2	10.6	10.7	10.0	10.8	10.9			down
PPI (% YoY)	-4.9	-4.3	-3.4	-2.8	-2.6	-1.7	-0.8	0.1	1.2	3.3	5.5	6.9	7.8	up
Exports (% YoY)	-28.0	7.5	-5.3	-6.9	-6.8	-6.5	-3.8	-10.4	-7.9	-1.5	-6.2	7.9	-1.3	up
CPI (% YoY)	2.3	2.3	2.3	2.0	1.9	1.8	1.3	1.9	2.1	2.3	2.1	2.5	0.8	down
RRR (%)	17.5	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			6.7						down
PMI Non Manufacturing (Index)	49.0	50.2	50.1	50.1	50.0	49.9	50.4	50.4	51.2	51.7	51.4	51.3	51.6	up
Aggregate Financing (Billions, CNY)	831.2	2393.1	780.9	677.0	1647.9	479.1	1460.5	1711.5	886.5	1832.8	1626.0	3720.2	1147.9	up

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Trend*
AiG Manufacturing (Index)	53.5	58.1	53.4	51.0	51.8	56.4	46.9	49.8	50.9	54.2	55.4	51.2	59.3	up
AiG Service (Index)	51.8	49.5	49.7	51.5	51.3	53.9	45.0	48.9	50.5	51.1	57.7	54.5	49.0	up
Westpac Consumer Confidence (% MoM)	4.2	-2.2	-4.0	8.5	-1.0	-3.0	2.0	0.3	1.1	-1.1	-3.9	0.1	2.3	down
Building Approvals (% YoY)	-0.1	-2.3	3.8	-2.0	-4.8	4.7	9.2	-5.4	-24.1	-5.0	-11.7	-12.0		down
Employment Change ('000, MoM)	-0.5	17.9	-3.9	17.6	9.5	25.3	-14.2	-23.5	15.8	36.2	16.9	13.5	-6.4	down

Brazil	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Trend*
CPI (% YoY)	10.4	9.4	9.3	9.3	8.8	8.7	9.0	8.5	7.9	7.0	6.3	5.4	4.8	down
Industrial Production (% YoY)	-13.4	-9.5	-11.3	-6.6	-7.3	-5.4	-6.3	-4.9	-4.4	-7.4	-1.4	-0.1	1.4	up
Retail Sales (% YoY)	-7.2	-10.6	-4.2	-5.7	-6.9	-9.0	-4.8	-5.6	-5.5	-5.7	-8.1	-3.8	-4.9	up
Trade Balance (Millions, USD)	3042.0	4431.0	4862.0	6433.0	3969.0	4576.0	4138.0	3813.0	2340.0	4758.0	4415.0	2725.0	4560.0	up
Budget Balance Primary (Billions, BRL)	-28.3	-52.8	-10.0	-13.2	-60.6	-32.2	-53.4	-62.9	-67.1	3.4	-80.4	-105.2	0.3	down

Chile	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Trend*
IMACEC Economic Activity Index (% YoY)	3.98	2.56	1.21	2.53	1.32	0.87	2.96	1.45	-0.26	1.02	0.59	1.45		down
CPI (% YoY)	4.70	4.50	4.20	4.20	4.20	4.00	3.40	3.10	2.80	2.90	2.70	2.80	2.70	down
Retail Sales (% YoY)	7.33	1.43	7.95	0.49	0.96	4.59	0.23	7.41	5.15	4.97	2.70	3.80		down
Industrial Production (% YoY)	2.29	3.13	-3.28	-3.14	-4.68	-2.47	3.07	-0.45	-7.13	-0.09	1.44	-0.93		up
Unemployment (%)	5.90	6.30	6.40	6.80	6.90	7.10	6.90	6.80	6.40	6.20	6.10	6.20		down

Mexico	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Trend*
PMI (Index)	52.3	51.8	51.2	51.4	49.4	49.1	49.8	51.0	50.1	48.7	48.4	48.7	46.8	down
CPI (% YoY)	2.9	2.6	2.5	2.6	2.5	2.7	2.7	3.0	3.1	3.3	3.4	4.7	4.9	up
Retail Sales (% YoY)	9.6	6.4	10.6	8.6	9.4	7.9	8.9	8.1	9.3	11.2	9.0	4.9		down
Indutrial Production (% YoY)	3.5	-1.6	2.4	0.7	1.4	-0.6	3.8	0.2	-0.4	4.5	1.8	4.3		up
Remittances (Millions, USD)	2082.0	2189.4	2170.5	2476.2	2306.8	2241.4	2269.0	2374.2	2220.4	2371.1	2336.4	2055.2		down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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