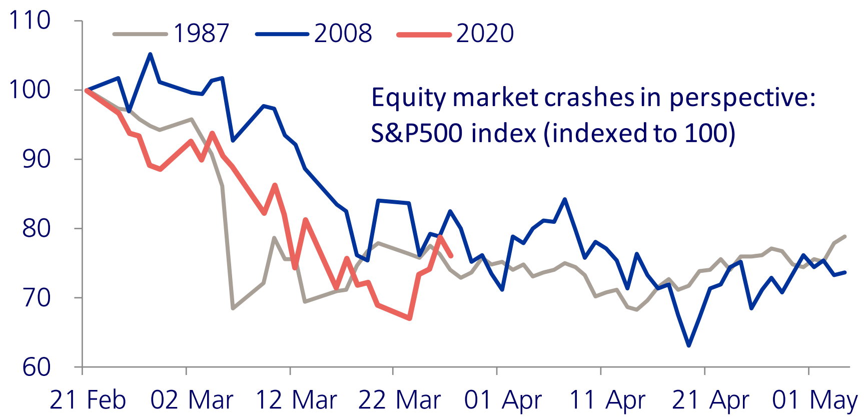
April 1, 2020

Monthly Investment Insights

Policy support helps markets, but virus containment is the missing link



Source: Bloomberg

COVID-19 continues to spread at an exponential pace. Authorities have responded by imposing lockdowns and bringing public life to a standstill. The impact is visible in the March Services PMIs, tumbling in the Eurozone, for example, from 52.6 to a record low of 28.4. Economic activity had dropped even earlier in China, with fixed asset investment and retail sales plunging. Meanwhile, US initial jobless claims spiked more than tenfold to nearly 3.3mn within a week.

We are expecting a sharp and painful, but relatively short global recession, taking global growth to around zero on an annual basis this year. A dramatic contraction in the first half of the year will be followed by a recovery in the second half, assuming the lockdown in major economies will not last longer than two months. In our risk scenario the economic downturn would be even more severe should the lockdown be extended. However, simply extrapolating the weak data is dangerous. While governments and central banks had first responded in a tepid manner, they have now acted decisively. The US Fed has cut its policy rate by a total of 150bps to the zero bound, while announcing unlimited Treasury and MBS purchases and, for the first time, a facility to buy corporate bonds in the secondary market. Meanwhile, the ECB increased QE asset purchases to more than EUR 100bn per month while widening its eligible asset spectrum to include commercial paper. On the fiscal front the US will implement a package worth nearly ten percent of GDP, paying checks to families, adding funds to the unemployment insurance and lending to SMEs and distressed industries. Other nations have also initiated strong fiscal support in the range of 4-5% of GDP including Germany, Australia, Malaysia and Chile, while Japan and China have just announced major support packages. Germany has even suspended its seemingly untouchable debt brake, giving up its ‘black zero’ policy. Bold monetary and fiscal measures show signs of ‘helicopter money’, though policy makers reject this as there is no explicit link between monetary and fiscal policy.

Global equities tumbled 35% from their record high marked in mid-February, before rallying nearly 20%, applauding the scale of monetary and fiscal measures implemented. We still need to see signs that new coronavirus infections are starting to slow on a more sustainable basis. Once that happens, market participants may look through the significant drop in economic activity and corporate earnings. In the current environment, valuation measures like price-to-earnings are not helpful, while price-to-book valuations appear reasonable, but are still above prior crisis levels.

Market Assessment

Key developments

- Major economies are contracting following COVID-19 lockdowns
- Profound fiscal and monetary boosts should help alleviating the pressure
- Risk assets yo-yo as volatility remains elevated

Zurich’s view

While equity markets have bounced and may indeed be forming a bottom, we would not be surprised if the recent lows were re-tested, or potentially breached, should the situation on the virus front deteriorate.

However, the bold measures being taken on both the monetary and fiscal fronts, which are much greater than the steps taken during the Global Financial Crisis, will likely shift market sentiment back at some point from fear of loss to fear of having missed the market trough. Certainly, prior euphoria has now been replaced by realism, and it is now easier to find some value in risk assets compared to only a month ago.

Bond investors face a dilemma, caught between deflationary forces due to the recession as well as tumbling oil prices following the conflict between Saudi Arabia and Russia on the one hand, and potential inflationary forces from the global stimulus packages on the other. We expect yields to remain rangebound before gradually ratcheting higher.

Global credit spreads have widened to levels not seen since the Global Financial Crisis. While CDS is still rich, cash credit is currently more attractive. Even though the Fed’s actions have stabilised the market for now, virus containment is essential given poor fundamentals and high leverage.

	Key developments	Zurich's view
Global	• Service sector activity collapses as lockdowns are imposed, while data for manufacturing show a renewed and deep contraction • Unprecedented monetary and fiscal actions are taken to support businesses and households while economic lockdowns persist • Deflationary pressures intensify as the oil price fails to recover and global demand disappears	Unprecedented economic lockdowns have pushed the global economy into a deep contraction, while governments and central banks have taken truly exceptional steps to prevent a deeper and longer lasting economic crisis from unfolding. We maintain our view of a deep but short-lived contraction, followed by a firm recovery in the second half of the year. As policy measures have largely been delivered, this fairly benign outlook now critically hinges on one positive development in particular: That measures to contain the virus eventually prove effective, with lockdowns lasting no longer than two months. It will be critical to monitor risk is to the downside and developments over the coming week.
US	• Initial jobless claims soar to unprecedented levels as the economy is hit by the coronavirus • The equity market falls more than a third with some of the worst daily drawdowns since the Depression • A massive USD 2tn support package and unlimited monetary support will help to mitigate the impact	The American economy faces massive headwinds as the coronavirus hits the US. Initial jobless claims soared to an unprecedented 3'283'000 in March, reflecting huge job losses as the economy came to a sudden halt. Given the effects of social distancing and travel restrictions the service sector was hit particularly hard, with the Markit Services PMI falling to 39.1. Manufacturing held up better but a steep fall in new orders indicates that worse is to come. Markets suffered some of the biggest drawdowns in decades with the S&P 500 falling by more than a third before rebounding on aggressive monetary and fiscal responses around the globe. Congress passed a USD 2tn rescue package while the Fed announced unlimited monetary support to mitigate the impact on the economy.
UK	• Business activity suffers the fastest downturn on record with services particularly hard hit • The government has announced a broad set of measures to support businesses and households • In a series of emergency meetings, the BoE cut rates to the lowest ever and announced a new round of QE	The UK economy suffered a severe blow as the partial lockdown brought business activity to a sudden stop. Markit's Composite Output Index signaled the fastest downturn in private sector business activity since the series began in January 1998, falling to only 37.1 in March. The service sector was particularly hard hit as social distancing measures weigh on activity. Things are likely to get worse before they get better, though. New orders fell at the sharpest rate since December 2008. In a series of emergency meetings, the Bank of England cut its target rate to 0.1%, the lowest ever, and announced a new round of QE. The monetary support and the government's massive fiscal support package should help to mitigate the economic impact of the coronavirus crisis.
Eurozone	• Q2 GDP likely to contract sharply as the region goes into lockdown • Germany makes an exception to its debt brake and embraces deficit spending • The ECB announces EUR 750bn Pandemic Emergency Purchase Programme	Stimulus measures have ramped up to offset the severe economic impact of the COVID-19 pandemic. The ECB announced a EUR 750bn Pandemic Emergency Purchase Programme for the rest of this year, which helped contain Eurozone periphery spreads. Significantly, the ECB also waived its previously self-imposed 33% issuer limit for the programme. On the fiscal side, Germany has made an exception to its constitutionally enshrined debt brake allowing it to spend more, and other Eurozone countries are also announcing spending packages. Various large liquidity and credit guarantee programmes have also been set up. Nonetheless, the economic downturn will be substantial with the region likely to see a bigger quarterly contraction in Q2 GDP than at the worst point of the Global Financial Crisis.
Switzerland	• Economic activity collapses as lockdown measures are imposed and borders are closed • Government support is sizable and swift, and should help to support a recovery once lockdown measures are relaxed • The SNB steps up forex interventions while leaving the policy rate unchanged	The lockdown has led to a sudden stop in the economy. The macro data, which have held up better than expected, are unlikely to capture the full impact, with growth set to turn deeply negative in the first half of the year. The government has, however, acted forcefully to support businesses and households, with fiscal measures at around 6% of GDP. Short-term working compensation, covering 80% of earnings, has been extended, with a surge in applications. To address liquidity issues, the SNB COVID-19 refinancing facility offers bridge loans to businesses, and loans below CHF 0.5mn are secured by the government, with no interest rate charged. These measures will help to bridge the collapse in activity and facilitate a recovery, once lockdown measures are relaxed.

	Key developments	Zurich's view
Japan	• Japan is highly likely to have fallen into recession • The Tokyo Olympics have been postponed to next year • Following heavy losses, Japanese equities have rallied on increased ETF buying by the BoJ	It is highly likely that Japan has fallen into recession. The economy contracted in Q4 last year following the VAT hike and major typhoons, and it is highly likely that the contraction continued in Q1 this year and might see another negative QoQ rate in Q2 as well. Exports will take a significant hit due to the global economic slowdown in major trading partners, while the renewed momentum in COVID-19 infections and the postponement of the Tokyo Olympics will put a lid on consumption. Further fiscal support is needed to support the economy into H2. While the BoJ left policy rates unchanged, it has, among other measures, doubled its ETF buying target from JPY 6tn to 12tn. This, and a weaker yen, have helped the Topix to recover nearly half of its early February to mid-March losses.
China	• First in, first out: COVID-19 active infections have fallen about 95% • Economic activity tumbled in February/March, but is recovering • Chinese equities outperformed from late February to late March	China's economy is recovering following the COVID-19 related lockdown in Q1. Currently, there are less than 2'000 active cases of infection, less than 3% compared to the peak. Migrant workers are returning to their factories, the Hubei province lockout has been suspended, and consumption is recovering. This follows a dramatic fall in economic activity in February that was even worse than the one seen during the Global Financial Crisis. The February Non-Manufacturing PMI tumbled from 42 to 29.6, a record low before recovering in March. We have cut our 2019 GDP forecast from 5.5% to 3.3%, while some forecasters even predict a contraction. In either case, the government's target of doubling GDP in the 10-year period ending in 2020 clearly cannot be achieved.
Australia	• The government declares stage two shutdowns as the COVID-19 infection rate climbs • Two rounds of fiscal stimulus are announced • The RBA cuts its policy rate to the lower bound and launches QE	As the number of infected cases climbs, the government has moved to stage two shutdowns with further restrictions on shop openings as well as public and private gatherings. The Flash Composite PMI for March slumped to 40.7 with the Services PMI collapsing from 49 to 39.8. Australia will very likely experience a technical recession this year after its 28-year recession free record. The government has followed up with another AUD 46bn fiscal stimulus on top of the AUD 17.6bn package announced in mid-March, handing out more cash to companies and households along with additional subsidies, loans and tax breaks. Meanwhile, the RBA seems to have adopted a whatever-it-take stance by cutting its policy rate to 0.25%, launching QE and providing an AUD 90bn term funding facility to banks.
ASEAN	• The rate of COVID-19 infection surges • Several central banks rush to make emergency cuts • Fiscal stimulus ramps up	Until mid-March, ASEAN was able to contain the coronavirus to a certain degree. As the outbreak intensifies globally, a second wave has hit the region, notably in Malaysia, Indonesia and Thailand. With the number of cases at 10'000 in early April, ASEAN seems at an inflection point, not to mention that many cases may have gone undetected. Malaysia and the Philippines declared lockdowns while travel restrictions and community quarantines were imposed in other countries. Central banks have delivered between 25-100bps policy rate cuts with some additional cuts in the RRR. Most governments announced a first round of fiscal stimulus with a second round on the way. However, the current fiscal stimulus seems underwhelming given the potential damage of the outbreak.

Valuation snapshot (MSCI Indices)

Current trailing valuations

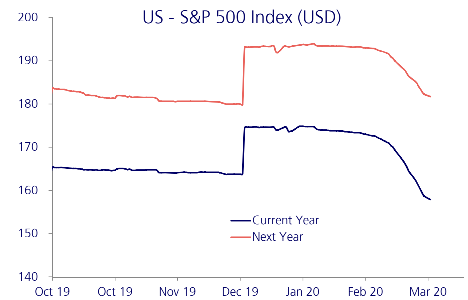
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	21.08	16.30	12.35	18.91	13.11	15.25	14.34	13.78	15.09
12m Trailing P/B	3.31	1.75	1.52	2.80	1.18	1.61	1.75	2.03	1.90
12m Trailing P/CF	10.86	7.43	6.27	11.87	6.41	7.58	7.64	5.45	6.96
Dividend Yield	2.03	3.42	5.26	3.14	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

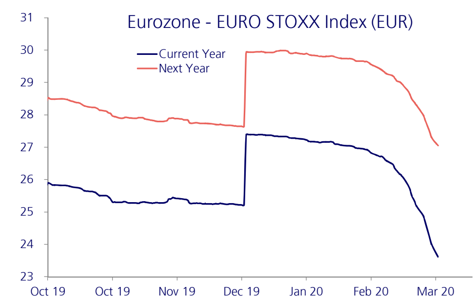
Current trailing valuations relative to MSCI world

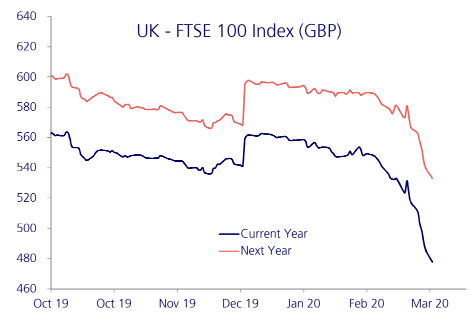
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.20	0.93	0.70	1.08	0.75	0.87	0.82	0.79	0.86
12m Trailing P/B	1.50	0.79	0.69	1.27	0.53	0.73	0.79	0.92	0.86
12m Trailing P/CF	1.25	0.85	0.72	1.36	0.73	0.87	0.88	0.63	0.80
Dividend Yield	0.78	1.31	2.02	1.20	0.99	1.08	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

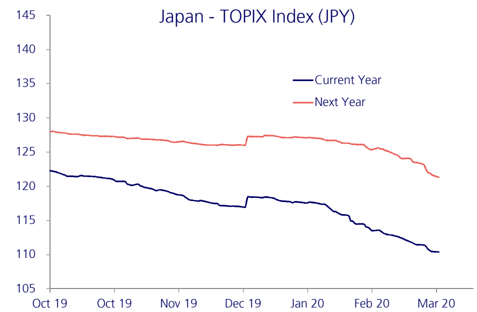
Source: Datastream

Earnings estimates - Full fiscal years



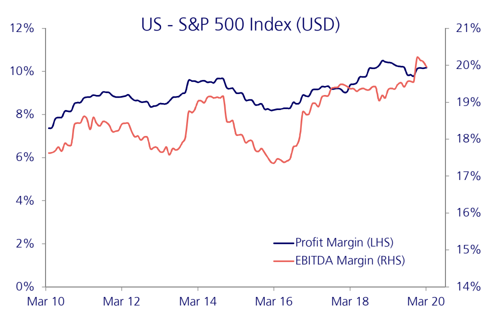


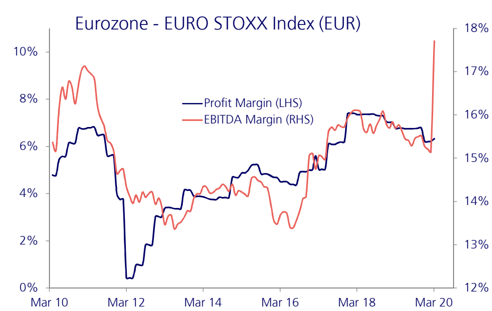


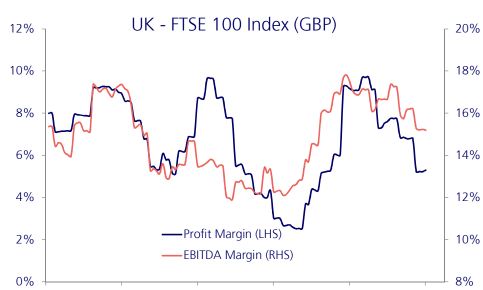


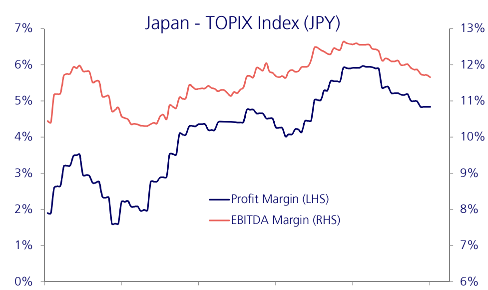
Source: Bloomberg

Historical margins





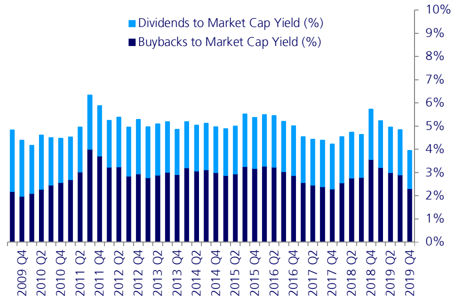




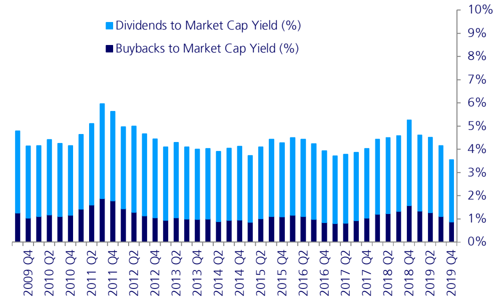
Source: Bloomberg

Dividends and shares buybacks

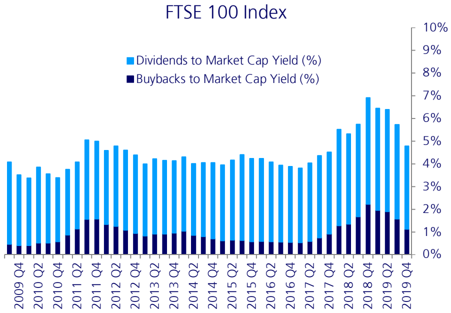
S&P 500 Index



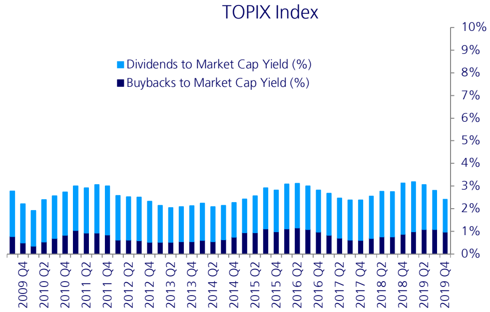
STOXX Europe 600 Index



FTSE 100 Index



TOPIX Index

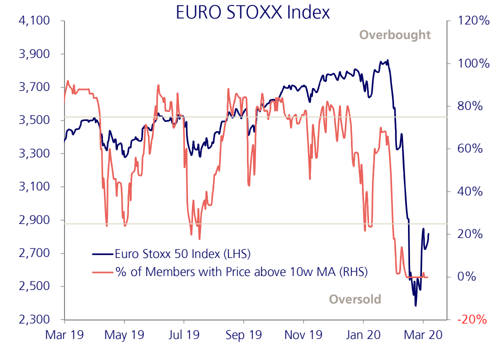


Source: Bloomberg

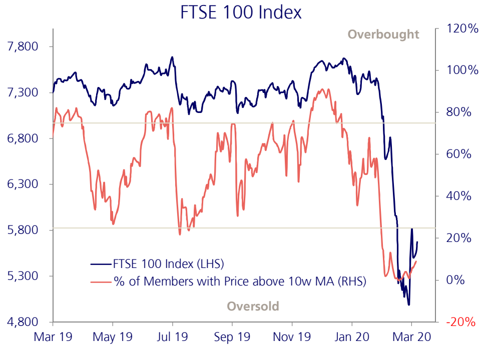
Overbought / Oversold

S&P 500 Index

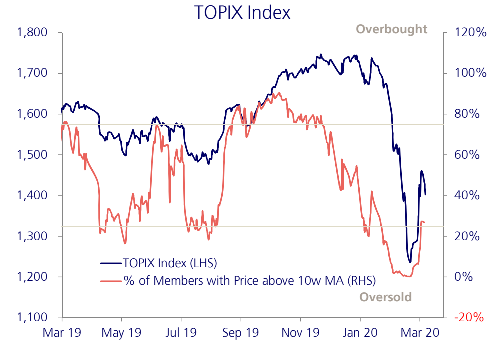
EURO STOXX Index



FTSE 100 Index

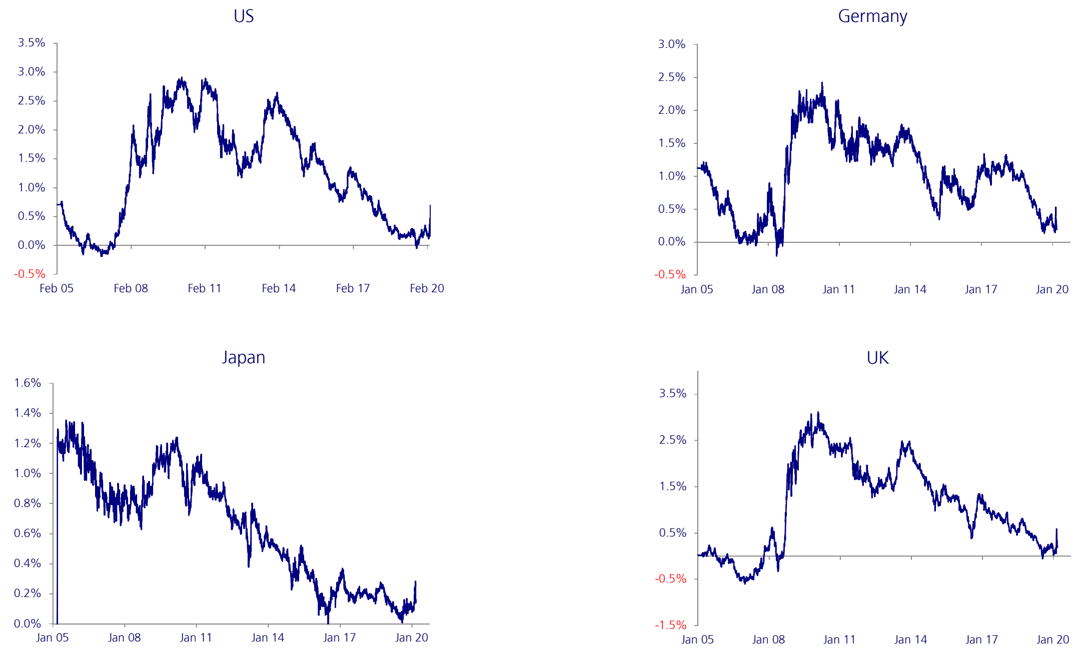


TOPIX Index



Source: Bloomberg

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps) Mar-20	1m ago	3m ago	1yr ago
UK	-33	-71	-110	-145
Germany	-118	-176	-210	-253
Switzerland	-103	-197	-239	-283
Japan	-68	-130	-193	-257
Australia	6	-33	-55	-70
China	188	158	123	65
South Korea	87	18	-25	-64
Malaysia	268	168	140	127
Indonesia	721	580	511	511
Thailand	69		-44	-3
Philippines	336	n/a	n/a	n/a
Brazil	792	n/a	n/a	633
Mexico	663	572	499	553
Colombia	772	465	442	412
Peru	541	276	229	273

Generic Government Yields (10yr)

Country	Spread over German Bund (bps) Mar-20	1m ago	3m ago	1yr ago
France	44	32	30	40
Netherlands	25	13	13	10
Belgium	51	39	28	49
Austria	46	23	21	31
Ireland	53	44	31	62
Italy	196	171	160	253
Spain	107	89	65	117
Portugal	121	96	63	130

Source: Bloomberg, ZIG

Economic data

US	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
ISM Manufacturing (Index)	54.1	54.6	53.4	52.3	51.6	51.3	48.8	48.2	48.5	48.1	47.8	50.9	50.1	up
ISM Non-Manufacturing (Index)	58.5	56.3	55.7	56.3	55.4	54.8	56.0	53.5	54.4	53.9	54.9	55.5	57.3	up
Durable Goods (% MoM)	-2.6	1.7	-2.8	-2.3	1.8	2.1	0.2	-1.5	0.2	-3.1	2.8	0.1	1.2	up
Consumer Confidence (Index)	131.4	124.2	129.2	131.3	124.3	135.8	134.2	126.3	126.1	126.8	128.2	130.4	130.7	up
Retail Sales (% MoM)	2.2	3.8	3.8	3.0	3.3	3.5	4.4	4.0	3.1	3.3	5.4	5.0	4.3	up
Unemployment Rate (%)	3.8	3.8	3.6	3.6	3.7	3.7	3.7	3.5	3.6	3.5	3.5	3.6	3.5	neutral
Avg Hourly Earnings YoY (% YoY)	3.5	3.5	3.5	3.6	3.5	3.7	3.7	3.7	3.8	3.5	3.2	3.3	3.3	down
Change in Payrolls ('000, MoM)	1.0	147.0	210.0	85.0	182.0	194.0	207.0	208.0	185.0	261.0	184.0	273.0	273.0	up
PCE (% YoY)	1.6	1.5	1.6	1.5	1.6	1.6	1.8	1.7	1.6	1.5	1.6	1.7	1.8	up
GDP (%, QoQ, Annualized)		3.1			2.0			2.1			2.1			

UK	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
PMI Services (Index)	51.3	48.9	50.4	51.0	50.2	51.4	50.6	49.5	50.0	49.3	50.0	53.9	53.2	up
Consumer Confidence (Index)	-13.0	-13.0	-13.0	-10.0	-13.0	-11.0	-14.0	-12.0	-14.0	-14.0	-11.0	-9.0	-7.0	up
Unemployment Rate (%)	3.9	3.8	3.8	3.8	3.9	3.8	3.9	3.8	3.8	3.8	3.8	3.9		neutral
CPI (% YoY)	1.9	1.9	2.1	2.0	2.0	2.1	1.7	1.7	1.5	1.5	1.3	1.8	1.7	up
GDP (% YoY)		2.0			1.3			1.3			1.1			

Eurozone	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
PMI Manufacturing (Index)	49.3	47.5	47.9	47.7	47.6	46.5	47.0	45.7	45.9	46.9	46.3	47.9	49.2	up
PMI Services (Index)	52.8	53.3	52.8	52.9	53.6	53.2	53.5	51.6	52.2	51.9	52.8	52.5	52.6	up
IFO Business Climate (Index)	98.7	99.9	99.5	98.3	97.7	96.1	94.5	94.9	94.7	95.1	96.3	95.9	96.0	up
Industrial Production (% MoM)	0.0	-0.3	-0.5	0.4	-1.1	-0.2	0.3	0.0	-0.3	-0.6	-1.8	2.3		down
Factory Orders GE (% MoM)	-4.2	1.1	-0.1	-1.4	1.5	-1.3	-0.6	1.0	0.2	-0.8	-2.1	5.5		up
Unemployment Rate (%)	7.8	7.7	7.6	7.6	7.5	7.6	7.5	7.5	7.4	7.4	7.4	7.4		down
M3 Growth (% YoY, 3 months MA)	4.3	4.7	4.8	4.8	4.6	5.2	5.8	5.7	5.7	5.6	4.9	5.2	5.5	down
CPI (% YoY)	1.5	1.4	1.7	1.2	1.3	1.0	1.0	0.8	0.7	1.0	1.3	1.4	1.2	up
Core CPI (% YoY)	1.0	0.8	1.3	0.8	1.1	0.9	0.9	1.0	1.1	1.3	1.3	1.1	1.2	up
GDP (% QoQ)		0.5			0.1			0.3			0.1			

Switzerland	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
KOF Leading Indicator (Index)	94.6	96.6	97.2	93.9	95.0	95.9	95.5	93.1	94.8	92.7	96.2	100.1	101.8	up
PMI Manufacturing (Index)	54.3	50.7	49.1	49.0	48.6	45.2	47.4	44.9	48.9	48.5	48.8	47.8	49.5	up
Real Retail Sales (% YoY)	-0.1	-0.8	-0.6	-0.5	1.0	1.4	-0.5	1.7	0.3	1.2	0.6	0.0	0.3	down
Trade Balance (Billion, CHF)	2.9	3.1	2.3	3.2	4.0	3.7	1.7	4.0	3.5	3.9	2.0	4.8	3.6	down
CPI (% YoY)	0.6	0.7	0.7	0.6	0.6	0.3	0.3	0.1	-0.3	-0.1	0.2	0.2	-0.1	up

Japan	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
Nomura Manufacturing PMI (Index)	48.9	49.2	50.2	49.8	49.3	49.4	49.3	48.9	48.4	48.9	48.4	48.8	47.8	down
Machine Orders (% YoY)	-5.5	-0.7	2.5	-3.7	12.5	0.3	-14.5	5.1	-6.1	5.3	-3.5	-0.3		up
Industrial Production (% YoY)	-1.1	-4.3	-1.1	-2.1	-3.8	0.7	-4.7	1.3	-7.7	-8.2	-3.1	-2.3	-4.7	up
ECO Watchers Survey (Index)	46.7	46.7	47.0	44.3	43.3	41.7	42.6	45.7	36.3	39.2	40.7	40.6	27.4	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	1.5	1.5	down
Labour Cash Earnings (% YoY)	-0.7	-1.3	-0.3	-0.5	0.4	-1.0	-0.1	0.5	0.0	0.1	-0.2	1.5		up
Department Store Sales (% YoY)	0.4	0.1	-1.1	-0.8	-0.9	-2.9	2.3	23.1	-17.5	-6.0	-5.0	-3.1	-12.2	down
Money Supply M2 (% YoY)	2.3	2.4	2.5	2.6	2.3	2.3	2.4	2.4	2.4	2.7	2.7	2.8	3.0	up
CPI Ex Food & Energy (% YoY)	0.3	0.3	0.5	0.3	0.3	0.4	0.4	0.3	0.3	0.5	0.5	0.4	0.2	neutral
Exports (% YoY)	-1.2	-2.4	-2.3	-7.7	-6.6	-1.5	-8.2	-5.2	-9.2	-7.9	-6.3	-2.6	-1.0	up

China	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
PMI Manufacturing (Index)	49.2	50.5	50.1	49.4	49.4	49.7	49.5	49.8	49.3	50.2	50.2	50.0	35.7	down
Industrial Production (% YoY)		8.5	5.4	5.0	6.3	4.8	4.4	5.8	4.7	6.2	6.9			down
Retail Sales (% YoY)		8.7	7.2	8.6	9.8	7.6	7.5	7.8	7.2	8.0	8.0			down
PPI (% YoY)	0.1	0.4	0.9	0.6	0.0	-0.3	-0.8	-1.2	-1.6	-1.4	-0.5	0.1	-0.4	up
Exports (% YoY)	-20.7	14.0	-2.7	1.1	-1.5	3.4	-1.0	-3.2	-0.8	-1.3	7.9			up
CPI (% YoY)	1.5	2.3	2.5	2.7	2.7	2.8	2.8	3.0	3.8	4.5	4.5	5.4	5.2	up
RRR (%)	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.0	13.0	13.0	13.0	12.5	12.5	down
GDP (% YoY)		6.4			6.2			6.0			6.0			neutral
PMI Non Manufacturing (Index)	49.2	50.5	50.1	49.4	49.4	49.7	49.5	49.8	49.3	50.2	50.2	50.0	35.7	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
AiG Manufacturing (Index)	54.0	51.0	54.8	52.7	49.4	51.3	53.1	54.7	51.6	48.1	48.3	45.4	44.3	down
AiG Service (Index)	46.7	45.9	47.6	52.3	51.4	44.4	52.3	51.8	55.2	53.7	48.7	47.4	47.0	down
Westpac Consumer Confidence (% MoM)	4.3	-4.8	1.9	0.6	-0.6	-4.1	3.6	-1.7	-5.5	4.5	-1.9	-1.8	2.3	up
Building Approvals (% YoY)	-13.5	-23.8	-21.4	-18.3	-23.8	-28.0	-16.4	-15.3	-21.6	-2.6	7.2	-11.3		up
Employment Change ('000, MoM)	7.4	23.0	33.9	38.7	2.2	30.0	36.4	11.6	-24.2	35.7	29.2	12.9	26.7	up

Brazil	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
CPI (% YoY)	3.9	4.6	4.9	4.7	3.4	3.2	3.4	2.9	2.5	3.3	4.3	4.2	4.0	up
Industrial Production (% YoY)	-2.0	2.3	-6.1	-3.6	7.7	-5.8	-2.5	-2.1	1.1	1.3	-1.7	-1.2	-0.9	down
Retail Sales (% YoY)	1.9	4.0	-4.4	1.8	1.0	0.1	4.3	1.4	2.2	4.3	3.1	2.6	1.3	down
Trade Balance (Millions, USD)	3115.6	4295.7	5653.1	5624.4	5377.4	2391.4	4099.6	3803.2	2549.6	3564.6	5946.9	-1735.1	3096.0	down
Budget Balance Primary (Billions, BRL)	26.0	-45.0	-62.2	-28.0	-47.6	-30.1	-30.3	-63.6	-45.9	-10.9	-53.2	-38.4	19.1	up

Chile	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
IMACEC Economic Activity Index (% YoY)	1.05	1.69	1.87	2.16	1.72	3.43	3.57	3.03	-3.42	-3.31	1.13	1.54		down
CPI (% YoY)	2.20	2.48	2.43	2.76	2.70	2.57	2.58	2.24	2.71	2.79	3.00	3.46	3.89	up
Retail Sales (% YoY)	0.42	1.19	-0.38	3.62	-0.87	1.94	2.27	-0.75	-12.00	-9.21	-2.57	0.13		down
Industrial Production (% YoY)	-4.07	-1.61	0.52	0.19	-3.14	1.41	1.22	0.54	-2.79	-2.43	3.23	1.80		up
Unemployment (%)	7.00	7.20	7.10	7.20	7.30	7.50	7.60	7.30	7.10	7.00	7.10	7.40		down

Mexico	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Trend*
PMI (Index)	53.6	50.4	51.9	49.0	48.5	48.8	47.2	48.1	46.6	46.9	47.1	49.3	49.1	up
CPI (% YoY)	3.9	4.0	4.4	4.3	4.0	3.8	3.2	3.0	3.0	3.0	2.8	3.2	3.7	up
Retail Sales (% YoY)	2.5	1.6	1.6	2.8	1.0	2.1	2.6	2.4	0.4	2.1	3.2	2.7		up
Indutrial Production (% YoY)	1.0	2.4	-0.4	0.8	-1.0	3.4	-0.2	0.8	-1.3	-3.2	-0.5	-0.9		down
Remittances (Millions, USD)	2438.4	2958.0	2937.0	3282.1	3183.5	3258.7	3356.4	3071.9	3125.0	2898.6	3080.3	2582.8		down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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