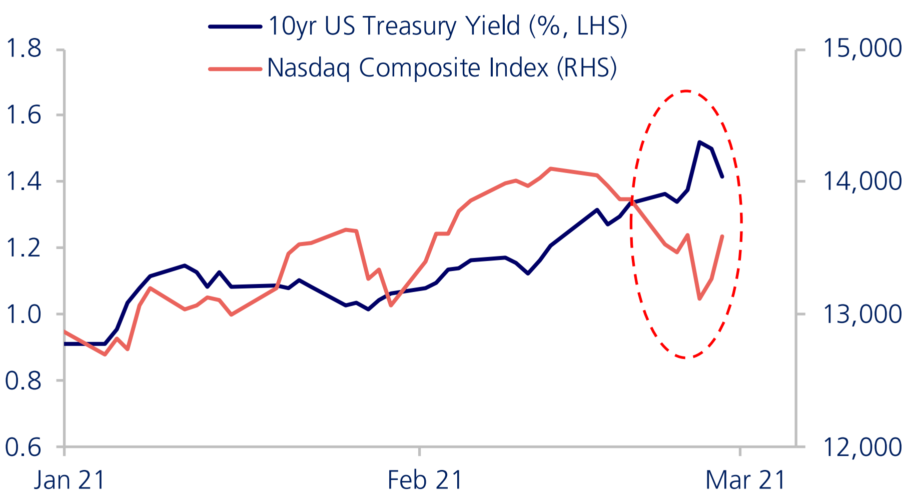
March 2, 2021

Monthly Investment Insights

Angst about higher yields seems overdone



Source: Bloomberg

The recent surge in bond yields has dented investor confidence, causing a stumble in risk assets, notably technology stocks. The path of bond yields is not entirely surprising to us as stronger economic growth, further US fiscal stimulus and vaccinations are likely to cause both inflation and yields to rise in the long term. However, the pace of the move has been very sharp and shouldn't be extrapolated. Despite the recent weakness, the risk rally is unlikely to be derailed due to three key reasons that we outline below.

Firstly, the allure of risk assets is likely to remain in place for a long time. The percentage income pickup an investor gets today by switching into US credit from US government bonds has been higher only 20% of the time since the 1990s – and these 20% were mostly in times of crisis. For the percentage income pickup to decline to average levels, 10yr US Treasury bond yields would need to rise from the current 1.5% to nearly 4%. Hence, there is a long road for yields to rise before investors become indifferent between credit and government bonds as despite the recent rise, bond yields are still quite low by historical standards.

Indeed, higher yields have recently created more demand in credit markets from yield hungry investors. This appeal should also extend to equities, where an improving earnings outlook and high dividend yields have brightened the return potential even more. Interestingly, high dividend stocks that should be more sensitive to yields outperformed recently, implying that the weakness in technology stocks could have been a correction from overheated levels, which should be beneficial to sustaining the rally.

Secondly, higher bond yields don't immediately imply higher funding costs, even for vulnerable companies with high yield credit ratings. The bulk of funding costs for the weakest companies comes from credit spreads, not underlying government bonds, while debt servicing ability should be boosted by rising earnings this year. Moreover, low yields and longer maturities have been locked in already by many companies amid the record debt supply since last year.

Thirdly, the rise in bond yields has been too sharp and is likely to moderate. Based on recent comments from Fed Chair Powell, it is unlikely that liquidity will diminish anytime soon given the high level of unemployment in the US. With global debt levels at a record high, there is little room for error in monetary policy and we think fears of a premature tightening are misplaced.

Market Assessment

Key developments

- Government bond yields surge on expectations of US fiscal stimulus and stronger growth
- Risk assets stumble, especially in some sectors such as technology stocks, although credit remains resilient
- Global growth looks set to improve further while coronavirus vaccinations should accelerate

Zurich's view

The surge in government bond yields caused by expectations of US fiscal stimulus, stronger growth and higher inflation is likely to moderate. While we expected yields and inflation to pick up, the recent rise in yields has been too sharp. Risk assets stumbled after hitting records earlier in February, with the technology heavy Nasdaq Composite Index suffering a peak to trough decline of around 8%. Credit markets, on the other hand, have been resilient. We believe the risk rally is unlikely to be derailed with returns of stocks likely to outshine those of corporate bonds.

Global economic growth should be robust in 2021 at above trend levels as both economic and monetary policy are supportive, while vaccinations hint at a return to normality. While a weak Q1 was expected, hard data and leading indicators are both encouraging so far. That said, significant slack remains in labour markets, which should keep policy supportive. Meanwhile, vaccinations are progressing at an uneven pace in different countries but should accelerate going forward. While hospitalisations and deaths have been declining, there is little room for complacency and a focus on rapid vaccination is still warranted.

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	Key developments	Zurich's view
Global	• The global economy is being supported by strong gains in manufacturing activity, while the services sector remains weak • Headline inflation rates are rising, but this mainly reflects temporary energy and COVID specific effects, while the underlying trend is benign • Global bond yields rise as growth and inflation re-engage, but with fragilities in the global economy remaining we expect further upside to be limited	The global economy has been given a boost by further gains in manufacturing, where growth is approaching the prior highs from 2017/18. The upswing in activity amid ongoing restrictions and transportation challenges has led to rising delivery times and input prices, alongside a pickup in hiring as firms adjust to the improving outlook. Fragilities remain, however, with business and consumer sentiment still below pre-crisis levels and large parts of economic capacity idle. Headline inflation is rising, but this mainly reflects temporary COVID related effects while the underlying trend is benign. Global bond yields have risen as growth and inflation have re-engaged. The rise in yields will, at some point, start to weigh on global growth, and we expect further upside for yields to be limited.
US	• Treasury yields soar on the prospect of more fiscal stimulus and a strong economic rebound • The employment situation is improving with hiring picking up again • Retail sales rebound substantially in January, boosted by the stimulus checks	The S&P 500 rebounded in the first half of February to reach a new record high before facing new headwinds caused by a substantial rise in bond yields. Longer-term Treasury yields surged, driven by a strong economic outlook and the prospect of a massive fiscal stimulus program likely to be approved by Congress soon.10yr Treasury yields briefly rose above 1.60% while 30yr yields even touched the highest levels since November 2019, lifting the yield slope to the steepest in more than four years. While higher yields reflect the expected pickup in growth and inflation, further upside seems limited in the near term. FOMC members keep pointing out that any thoughts regarding a potential tapering of asset purchases are still premature as the economy remains far away from reaching the Fed's dual mandate.
UK	• Business activity recovers from the dip suffered in January, though services still face headwinds • GDP fell almost 10% in 2020, more than in most other developed economies • The BoE's announcement regarding the potential time required to operationalise negative rates makes it unlikely to happen during this cycle	While manufacturing activity continued to expand, service activity stabilised in February following a significant dip in January. Reassuringly, business expectations for the next 12 months picked up to the highest level since April 2014, supported by the expected economic rebound in the wake of the vaccine rollout. Gilt yields jumped to the highest level in a year on the stronger outlook, supported by the BoE noting that the necessary preparations to get negative rates operational would take at least six months. Given our view of a solid rebound in the second half of the year, we see it as unlikely that the BoE will use negative rates during this policy cycle. Reflecting the improving outlook, sterling strengthened to the highest level against the US dollar in almost four years.
Eurozone	• Decline in Q4 GDP was less bad than feared, but inflation spikes early in 2021 • Business confidence surveys such as PMIs confirm economies' resilience to renewed lockdowns • Mario Draghi, the former ECB President, is appointed as Prime Minister of Italy with wide-ranging political support	Despite the reintroduction of strict lockdowns in November, Q4 GDP declined by only 0.6% QoQ, a much less severe drop than when the first lockdowns were introduced in March/April last year. Businesses and households have had time to adapt to lockdown restrictions and there are now many government support measures in place. Indeed, business confidence surveys suggest only a modest further contraction in the economy in Q1 this year. We anticipate economic activity will then pick up swiftly from Q2 onwards and remain positive on the region's equity markets, which should benefit from re-opening and economic recovery. Policy developments have also been supportive, with former ECB President Mario Draghi's appointment as Italian Prime Minister likely to reduce perceived tail risks in the region.
Switzerland	• Following a GDP expansion of 0.3% in Q4, leading indicators are now rebounding, confirming our view of above trend growth in 2021 • Inflation remains weak but disinflationary forces are diminishing, helped by the recent weakening of the currency • The policy backdrop is favourable, with monetary and fiscal policy providing a potent backstop to the economy	Swiss GDP grew by 0.3% in Q4, supported by strong exports and government spending while household consumption contracted. This left annual GDP growth in 2020 at -3% - significantly better than in many other regions and in line with our above consensus view that the Swiss economy would fare relatively well through the crisis. Forward-looking indicators, which weakened through Q4 and into January, have rebounded, supported by firm external demand and resilient domestic spending. With COVID restrictions set to be eased and external demand likely to strengthen further, the outlook is favourable, and growth should run above trend through 2021. Inflation is weak but deflationary pressures are expected to diminish over the coming months, helped by the recent franc weakening.

	Key developments	Zurich's view
Japan	• Following strong growth in Q4 2020, the economy is likely to retreat in Q1 • Vaccination against COVID-19 has finally started • Japanese equities rally, but meander sideways versus global equities	Japan's economy grew at a higher than expected rate in Q4 last year, driven by strong consumption, capital investment and net exports. Machinery orders surged at a record pace, while exports were buoyant. We foresee a slowdown in Q1 as the third wave of COVID infections will have taken its toll on consumption, while some supply chain disruptions following the latest major earthquake will also hamper growth. Finally, vaccination has started with a focus on healthcare staff, while the elderly will have to remain patient until mid-April. Japanese equities rallied for the fourth month in a row, with both the Topix and MSCI Japan indices marking 40-year highs on a favourable corporate earnings outlook. However, Japanese equities keep moving roughly in line with global equities.
China	• While Lunar New Year holiday traffic fell 75%, production and online consumption remained brisk • Despite record high aggregate financing in January, the credit impulse is rolling over • Strong 'Southbound' flows failed to lift the MSCI China to a record high	Nationwide passenger traffic fell 75% below pre-crisis levels during the Lunar New Year holiday season amid a public order to avoid travelling. This helped to shorten factory shutdowns and is likely to have supported industrial production. While shopping mall consumption was tepid due to social distancing, both online sales and movie box-office revenues surged to a new high. Home sales were also strong. Record high credit growth masks the fact that the credit impulse is rolling over. A spreading of COVID infections in some hotspots was avoided through draconian lockdown measures. Southbound equity flows from Shenzen to Hong Kong remained brisk, even though the rally in major internet stocks subsided and the MSCI China failed to break its 1993 record high.
Australia	• The RBA adds another AUD 100bn QE beyond April • The First Home Builder grant boosts home loans and housing demand • The yield curve is steepening sharply	The RBA announced it would extend its asset purchase program by another AUD 100bn once QE expires in April. The employment gap and muted inflation justifies the RBA's dovish move. Besides, the strengthening of the currency would also be a concern were the RBA to would pause QE. Economic activity advanced further in January, with an ongoing swift recovery in the labour market while retail sales remained around 10% above pre-COVID levels. Home demand also remained elevated, with home loans experiencing the fastest growth since 2009, bolstered by the First Home Builder grant. The yield curve has been rapidly steepening, pricing in an optimistic prospect of global economic recovery. Rising bond yields weighed on equities with the ASX 200 Index down more than 2% towards month end.
ASEAN	• The vaccine rollout progress remains sluggish, with Singapore ahead of the pack • GDP Q4 data were a mixed bag while most central banks are on hold except for Bank Indonesia • Equity markets have a bumpy ride while capital inflows remain lacklustre	Vaccine rollouts are still underwhelming in ASEAN. Singapore stood out as the fastest, having provided at least one shot to around 4.4% of its population. Indonesia has kick-started its vaccine programme, but coverage is still insignificant. Meanwhile, Q4 GDP data suggested the recovery remained uneven across the region in the last quarter. Vietnam was the most resilient economy, followed by Indonesia. The Philippines and Thailand saw the sharpest contractions. While the worst is likely over in the Philippines, the tourism sector will probably continue to drag on the Thai economy this year. Bank Indonesia delivered a 25bps policy rate cut in February and continued its debt monetisation scheme. Rising bond yields caused some corrections in regional equities and triggered a depreciation in some currencies.
LatAm	• Economic activity continues to benefit from an improvement in the global economic environment • Although inflation is above target in Mexico and Chile the output gap should drive it down, allowing central banks to maintain monetary stimulus • The vaccination process is showing diverse results among countries, while the growth rate of new COVID-19 cases has begun to decline	The vaccination process in Chile and the increase in copper prices have improved economic recovery expectations, boosting equities and appreciating the currency. Consumption continues to lead the recovery and while inflation rose above the target, we don't believe there are long term inflationary risks. In Mexico, the manufacturing sector continues to be the main driver of the economy, benefiting from solid external demand. Although inflation has remained above target, the central bank resumed its cycle of lowering interest rates, leaving the door open for future easing. The growth rate of new cases and deaths from COVID-19 has declined, showing a positive impact from lockdowns, while the vaccination process is being implemented slower than in other EMs.

Appendix 1

Valuation snapshot (MSCI Indices)

Current trailing valuations

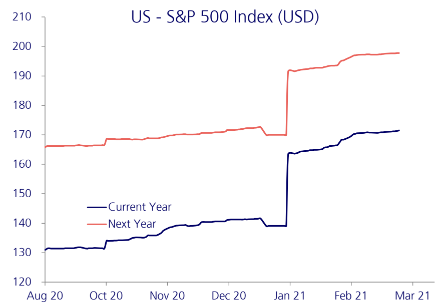
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	32.15	24.18	17.63	21.82	24.66	22.33	19.62	23.55	25.44
12m Trailing P/B	4.39	2.01	1.61	3.21	1.47	2.00	2.18	2.43	2.03
12m Trailing P/CF	19.04	9.33	11.05	14.04	9.64	12.49	14.36	6.96	7.08
Dividend Yield	1.45	2.20	3.29	2.81	1.98	1.97	1.48	2.52	2.24
ROE	13.65	8.31	9.13	14.71	5.97	8.96	11.13	10.31	7.96

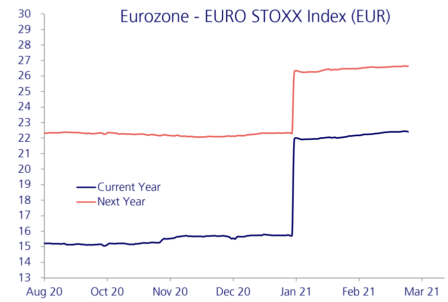
Current trailing valuations relative to MSCI world

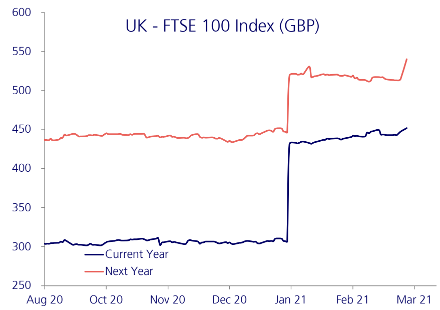
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.18	0.89	0.65	0.80	0.90	0.82	0.72	0.86	0.93
12m Trailing P/B	1.60	0.73	0.59	1.17	0.54	0.73	0.79	0.88	0.74
12m Trailing P/CF	1.44	0.71	0.84	1.06	0.73	0.95	1.09	0.53	0.54
Dividend Yield	0.80	1.22	1.82	1.56	1.10	1.09	0.82	1.39	1.24
ROE	1.35	0.82	0.90	1.46	0.59	0.89	1.10	1.02	0.79

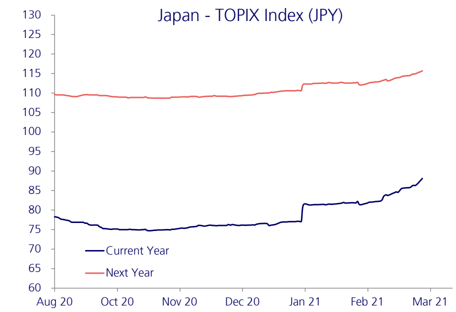
Source: Datastream

Earnings estimates - Full fiscal years



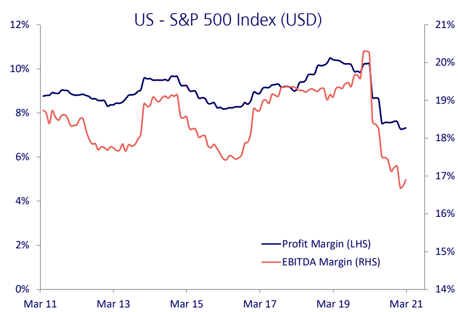


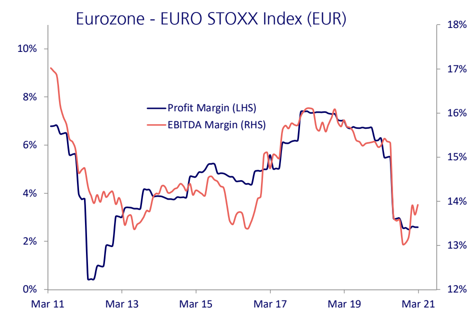


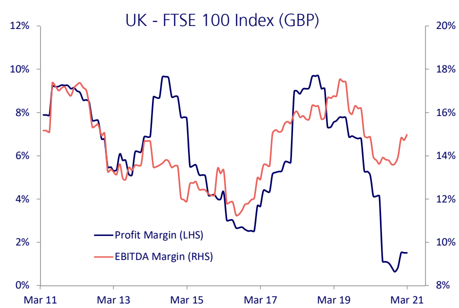


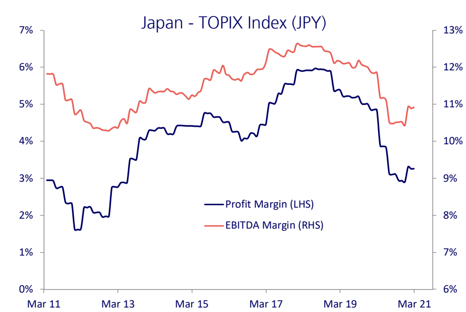
Historical margins

Source: Bloomberg



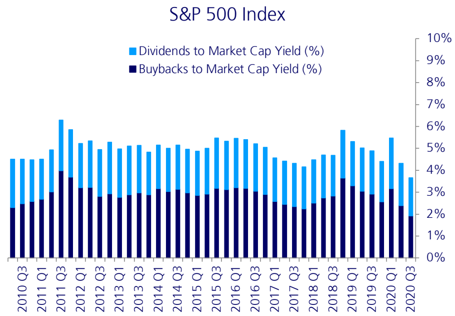


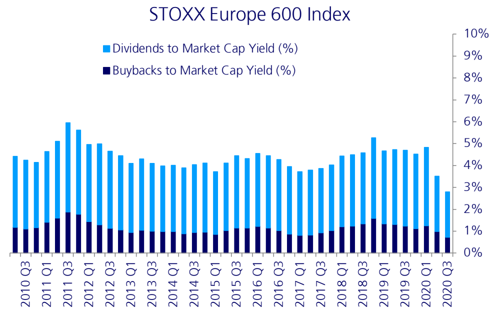


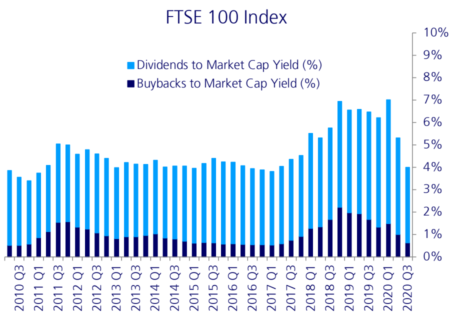


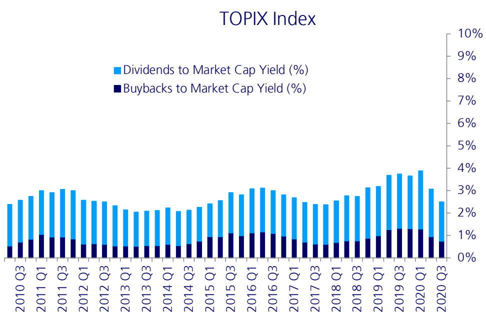
Source: Bloomberg

Dividends and shares buybacks



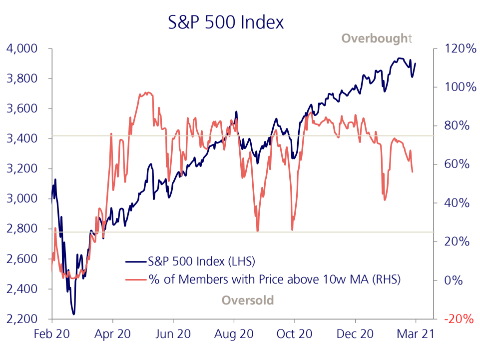


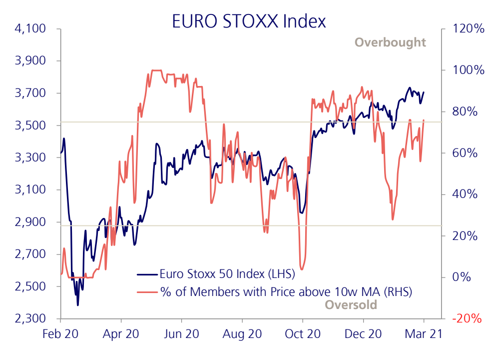


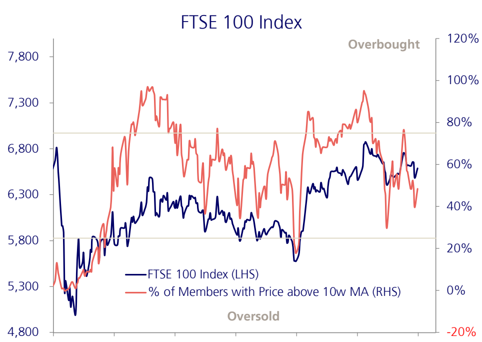


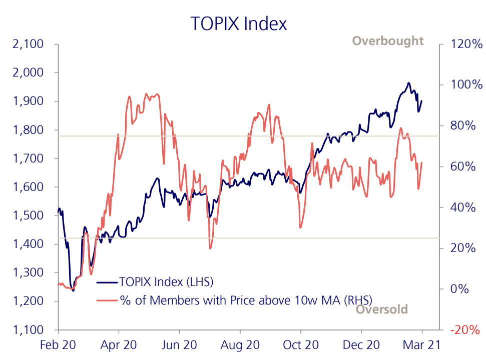
Source: Bloomberg

Overbought / Oversold





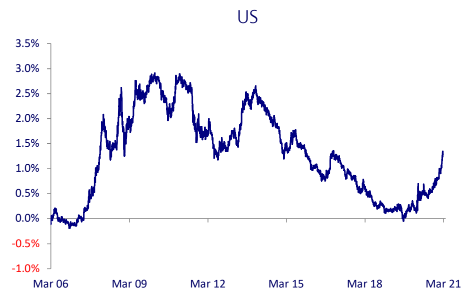


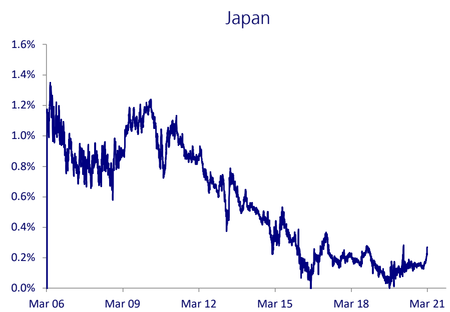


Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)





Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Mar-21	1m ago	3m ago	1yr ago
UK	-66	-74	-58	-71
Germany	-175	-158	-145	-176
Switzerland	-169	-148	-144	-197
Japan	-126	-101	-91	-130
Australia	25	7	-1	-33
China	184	212	237	158
South Korea	55	70	72	18
Malaysia	166	164	183	168
Indonesia	514	514	524	580
Thailand	39		39	-9
Philippines	264	n/a	n/a	n/a
Brazil	707	651	681	n/a
Mexico	473	454	487	572
Colombia	455	448	460	465
Peru	282	259	299	276

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Mar-21	1m ago	3m ago	1yr ago
France	24	24	24	32
Netherlands	13	7	9	13
Belgium	18	19	20	39
Austria	21	14	16	23
Ireland	35	33	30	n/a
Italy	99	116	120	171
Spain	66	62	65	89
Portugal	56	56	60	96

Source: Bloomberg, ZIG

Economic data

US	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Trend*
ISM Manufacturing (Index)	50.3	49.7	41.7	43.1	52.2	53.7	55.6	55.7	58.8	57.7	60.5	58.7	60.8	up
ISM Non-Manufacturing (Index)	56.7	53.6	41.6	45.4	56.5	56.6	57.2	57.2	56.2	56.8	57.7	58.7		up
Durable Goods (% MoM)	2.0	-16.7	-18.3	15.0	7.7	11.8	0.4	2.1	1.8	1.3	1.2	3.4		up
Consumer Confidence (Index)	132.6	118.8	85.7	85.9	98.3	91.7	86.3	101.3	101.4	92.9	87.1	88.9	91.3	down
Retail Sales (% MoM)	4.5	-5.6	-19.9	-5.6	2.2	2.7	3.6	6.1	5.4	3.8	2.5	7.4		down
Unemployment Rate (%)	3.5	4.4	14.8	13.3	11.1	10.2	8.4	7.8	6.9	6.7	6.7	6.3		down
Avg Hourly Earnings YoY (% YoY)	3.3	3.7	7.8	6.8	5.5	4.8	4.9	4.6	4.5	4.7	5.5	5.4		up
Change in Payrolls ('000, MoM)	289.0	-1683.0	-20679.0	2833.0	4846.0	1726.0	1583.0	716.0	680.0	264.0	-227.0	49.0		down
PCE (% YoY)	1.9	1.7	0.9	1.0	1.1	1.3	1.4	1.5	1.4	1.4	1.4	1.5		down
GDP (%, QoQ, Annualized)		-5.0			-31.4			33.4			4.1			

UK	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Trend*
PMI Services (Index)	53.2	34.5	13.4	29.0	47.1	56.5	58.8	56.1	51.4	47.6	49.4	39.5	49.7	down
Consumer Confidence (Index)	-7.0	-9.0	-34.0	-34.0	-30.0	-27.0	-27.0	-25.0	-31.0	-33.0	-26.0	-28.0	-23.0	up
Unemployment Rate (%)	4.0	4.0	4.0	4.1	4.1	4.3	4.5	4.8	4.9	5.0	5.1			down
CPI (% YoY)	1.7	1.5	0.8	0.5	0.6	1.0	0.2	0.5	0.7	0.3	0.6	0.7		up
GDP (% YoY)		-2.2			-21.0			-8.7			-7.8			

Eurozone	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Trend*
PMI Manufacturing (Index)	49.2	44.5	33.4	39.4	47.4	51.8	51.7	53.7	54.8	53.8	55.2	54.8	57.9	up
PMI Services (Index)	52.6	26.4	12.0	30.5	48.3	54.7	50.5	48.0	46.9	41.7	46.4	45.4	44.7	down
IFO Business Climate (Index)	95.7	86.8	75.6	80.5	86.2	89.9	92.0	93.2	92.7	91.0	92.2	90.3	92.4	down
Industrial Production (% MoM)	0.1	-11.3	-18.3	12.3	9.5	5.1	0.8	-0.1	2.5	2.6	-1.6			down
Factory Orders GE (% MoM)	-1.3	-14.8	-25.9	10.4	28.9	3.3	5.4	0.9	3.4	2.7	-1.9			down
Unemployment Rate (%)	7.2	7.4	7.3	7.6	7.9	8.6	8.6	8.6	8.4	8.3	8.3			down
M3 Growth (% YoY, 3 months MA)	5.5	7.5	8.2	9.0	9.3	10.1	9.5	10.4	10.5	11.0	12.4	12.5		up
CPI (% YoY)	1.2	0.7	0.3	0.1	0.3	0.4	-0.2	-0.3	-0.3	-0.3	-0.3	0.9		up
Core CPI (% YoY)	1.2	1.0	0.9	0.9	0.8	1.2	0.4	0.2	0.2	0.2	0.2	1.4		up
GDP (% QoQ)		-3.7			-11.7			12.4			-0.6			

Switzerland	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Trend*
KOF Leading Indicator (Index)	99.0	88.1	54.6	52.4	65.8	87.0	107.5	109.9	106.4	103.8	104.2	96.5	102.7	down
PMI Manufacturing (Index)	49.2	43.5	41.2	42.5	41.4	49.6	51.0	52.8	52.9	54.5	57.3	59.4	61.3	up
Real Retail Sales (% YoY)	1.7	-5.2	-18.3	7.9	3.8	4.2	4.5	2.4	5.5	2.9	5.4	-0.5		down
Trade Balance (Billion, CHF)	3.5	3.9	4.0	2.6	3.2	3.3	3.5	3.0	3.9	4.5	2.9	5.1		up
CPI (% YoY)	-0.1	-0.5	-1.1	-1.4	-1.3	-0.9	-0.9	-0.8	-0.6	-0.7	-1.7	-0.5		down

Japan	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Trend*
Nomura Manufacturing PMI (Index)	47.8	44.8	41.9	38.4	40.1	45.2	47.2	47.7	48.7	49.0	50.0	49.8	51.4	up
Machine Orders (% YoY)	-2.4	-0.7	-17.7	-16.3	-22.5	-16.2	-15.2	-11.5	2.8	-11.3	11.8			up
Industrial Production (% YoY)	-5.7	-5.2	-15.0	-26.3	-18.2	-15.5	-13.8	-9.0	-3.0	-3.9	-2.6	-5.3		up
ECO Watchers Survey (Index)	27.4	15.9	9.5	15.4	38.0	41.3	43.3	48.7	53.6	46.1	36.5	30.1		down
Jobs to Applicants Ratio (Index)	1.5	1.4	1.3	1.2	1.1	1.1	1.0	1.0	1.0	1.1	1.1			down
Labour Cash Earnings (% YoY)	0.7	0.1	-0.7	-2.3	-2.0	-1.5	-1.3	-0.9	-0.7	-1.8	-3.0			down
Department Store Sales (% YoY)	-12.2	-33.4	-72.8	-65.6	-19.1	-20.3	-22.0	-33.6	-1.7	-14.3	-13.7	-29.7		down
Money Supply M2 (% YoY)	3.0	3.2	3.7	5.1	7.2	7.9	8.6	9.0	9.0	9.1	9.1	9.4		up
CPI Ex Food & Energy (% YoY)	0.2	0.3	-0.1	0.1	0.2	0.3	-0.4	-0.3	-0.4	-0.4	-0.5	0.2		up
Exports (% YoY)	-1.0	-11.7	-21.9	-28.3	-26.2	-19.2	-14.8	-4.9	-0.2	-4.2	2.0	6.4		up

China	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Trend*
PMI Manufacturing (Index)	35.7	52.0	50.8	50.6	50.9	51.1	51.0	51.5	51.4	52.1	51.9	51.3	50.6	down
Industrial Production (% YoY)		-1.1	3.9	4.4	4.8	4.8	5.6	6.9	6.9	7.0	7.3			down
Retail Sales (% YoY)		-15.8	-7.5	-2.8	-1.8	-1.1	0.5	3.3	4.3	5.0	4.6			up
PPI (% YoY)	-0.4	-1.5	-3.1	-3.7	-3.0	-2.4	-2.0	-2.1	-2.1	-1.5	-0.4	0.3		up
Exports (% YoY)	-40.6	-6.9	3.1	-3.5	0.2	6.8	9.1	9.4	10.9	20.6	18.1			up
CPI (% YoY)	5.2	4.3	3.3	2.4	2.5	2.7	2.4	1.7	0.5	-0.5	0.2	-0.3		down
RRR (%)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	neutral
GDP (% YoY)		-6.8			3.2			4.9			6.5			up
PMI Non Manufacturing (Index)	35.7	52.0	50.8	50.6	50.9	51.1	51.0	51.5	51.4	52.1	51.9	51.3	50.6	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Trend*
AiG Manufacturing (Index)	44.3	53.7	35.8	41.6	51.5	53.5	49.3	46.7	56.3	52.1	55.3	55.3	58.8	up
AiG Service (Index)	47.0	38.7	27.1	31.6	31.5	44.0	42.5	36.2	51.4	52.9	54.3	54.3		up
Westpac Consumer Confidence (% MoM)	2.3	-3.8	-17.7	16.4	6.3	-6.1	-9.5	18.0	11.9	2.5	4.1	-4.5	1.9	down
Building Approvals (% YoY)	-2.4	2.9	7.4	-9.5	-14.0	8.0	2.0	11.8	17.4	17.7	22.8			up
Employment Change ('000, MoM)	18.4	-5.5	-606.4	-265.7	227.0	117.8	163.4	-44.1	180.4	90.0	50.0	29.1		down

Brazil	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Trend*
CPI (% YoY)	4.0	3.3	2.4	1.9	2.1	2.3	2.4	3.1	3.9	4.3	4.5	4.6		up
Industrial Production (% YoY)	-0.9	-0.3	-3.8	-27.6	-21.9	-8.7	-2.7	-2.4	3.8	0.3	2.6	8.2		up
Retail Sales (% YoY)	1.4	4.7	-1.1	-17.1	-7.4	0.5	5.5	6.2	7.3	8.4	3.6	1.2		down
Trade Balance (Millions, USD)	3831.8	6001.1	4136.0	7066.2	7945.9	6349.5	5965.8	5320.6	3629.1	56.7	-1125.0	1152.3		down
Budget Balance Primary (Billions, BRL)	-49.4	-79.7	-115.8	-140.4	-210.2	-86.9	-121.9	-103.4	-30.9	-20.1	-75.8	17.9		up

Chile	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Trend*
IMACEC Economic Activity Index (% YoY)	3.33	-3.47	-14.29	-15.52	-13.61	-11.29	-11.04	-4.84	-1.16	0.28	-0.37	-3.12		up
CPI (% YoY)	3.89	3.74	3.42	2.75	2.63	2.50	2.45	3.09	2.95	2.73	2.97	3.12		up
Retail Sales (% YoY)	-14.82	-31.66	-28.71	-24.19	-17.33	3.16	10.06	19.77	25.05	10.40	5.80			down
Industrial Production (% YoY)	5.35	0.99	-4.02	-6.02	-2.62	-3.38	-4.88	1.95	3.54	-0.42	-3.61	-2.40		down
Unemployment (%)	7.80	8.20	9.00	11.20	12.20	13.10	12.90	12.30	11.60	10.80	10.30	10.20		down

Mexico	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Trend*
PMI (Index)	47.5	44.1	40.6	38.0	43.2	48.1	45.7	46.8	49.7	49.0	48.7	49.5	49.1	up
CPI (% YoY)	3.2	3.3	2.2	2.8	3.3	3.6	4.1	4.0	4.1	3.3	3.2	3.5		down
Retail Sales (% YoY)	1.8	-2.0	-23.8	-23.8	-16.7	-12.6	-10.8	-7.1	-7.1	-5.1	-5.9			up
Indutrial Production (% YoY)	-1.2	-5.6	-35.2	-36.9	-16.2	-8.9	-9.3	-3.1	-1.3	-2.1	2.5			up
Remittances (Millions, USD)	2732.0	4044.8	2909.5	3445.4	3537.0	3531.9	3574.2	3570.4	3598.3	3381.2	3661.0	3297.9		down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Disclaimer and cautionary statement

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