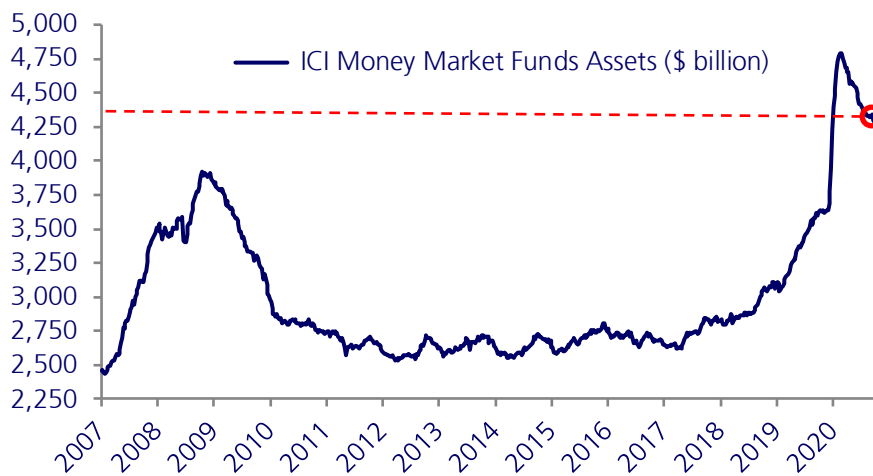


Monthly Investment Insights

Market drivers remain in place



Source: Bloomberg

2020 closed on a high, at least for financial markets, as investor optimism was spurred by the rollout of vaccinations and prospects of a better year ahead. Despite the global pandemic and the worst recession in a hundred years, most asset classes posted positive returns. The tech-heavy US NASDAQ stock index surged over 45% in total return terms, gold and copper were up in excess of 25%, while US credit markets had another stellar year. Even safe-haven US 10yr Treasuries returned an impressive 10% to investors. It was left to oil, which slipped by over 20%, and European stocks, particularly the banking sector, to fight for the bottom spots in the return league in what was a truly remarkable year.

As we look ahead, we see a favourable environment for both equities and credit as many of the key drivers remain. With interest rates stuck at the lower bound, additional policy measures being enacted to bolster the recovery, and high savings and cash positions at the household and corporate level, the ingredients are there to maintain the rally. This is further supported by the still very high money market fund levels that are likely to partially gravitate to higher returning assets and the fact that the rally itself has broadened considerably. In contrast to recent years, a greater spectrum of sectors is participating in the rally, with investors becoming more discerning. This is usually a good indicator of market health.

Of course, even within a powerful uptrend, market setbacks should be expected, and we do anticipate some volatility in the coming weeks given the challenges being confronted. The most pressing being around the logistics of achieving mass global vaccination and containment of COVID-19 infections, which is again resulting in fairly draconian lockdowns in a number of countries. As a result, activity is again being constrained, particularly in the services sectors and although we are forecasting significantly above trend economic growth for the year ahead, we believe the first quarter is likely to disappoint. As this becomes more widely acknowledged markets could falter, offering a better entry point. Although credit is expected to remain well supported, we suspect that equities offer greater upside in what we believe to be the early stages of a new economic cycle. While our current market take is broadly aligned with the consensus view, it's worth remembering that more often than not the consensus is right, despite the desire of many within the investment industry to be seen as contrarian!

Market Assessment

Key developments

- The UK and EU agree to maintain zero tariffs and quotas following Brexit, though new frictions will impact growth
- A much-needed COVID relief package in the US is finally forthcoming, albeit less than hoped, at USD 900bn
- Tough new lockdowns are implemented in many parts of Europe, as virus cases hit new records

Zurich's view

Financial markets enter the New Year on a strong footing, with investors embracing 'risk-on' assets of equities and credit. This was exemplified by the MSCI World Equity Index closing 2020 at a record level, while the breadth of the rally suggests further to run. This does not, however, preclude some setbacks, but we would view these as presenting opportunities rather than a harbinger of a more pronounced sell-off to come. Despite the strong momentum, surging COVID cases, tighter lockdowns and operational challenges of mass vaccination warrant keeping some powder dry to capitalise on any such wobbles.

As we look further out, with interest rates on hold for the foreseeable future, further stimulus being applied globally and abundant liquidity, the direction for credit and equity markets is expected to be higher. Government bonds are deemed rangebound. Further negative COVID developments could push yields lower, but we do not see last year's lows being retested while the upside is expected to be capped by frozen bank rates and additional quantitative easing measures to safeguard debt sustainability and economic recovery.

Key developments

Zurich's view

Global

- Renewed restrictions and lockdowns will increasingly weigh on economic activity, but a double dip recession should be avoided
- The manufacturing sector shows surprising resilience, but services activity suffers setbacks and employment conditions remain precarious
- Fiscal support is extended while monetary policy remains very accommodative, helping to sustain sentiment and demand until mass vaccinations are achieved

Global economic activity was resilient in December despite renewed lockdowns and measures to contain infections. The recovery in the world economy is predominantly supported by the manufacturing sector where a synchronised recovery is firmly in place and is also visible in brisk trade activity. While this is encouraging, overall conditions remain fragile as services activity has suffered further setbacks and job growth remains weak. Looking forward, rising infections and the return of tight mobility restrictions will hamper economic activity over the winter months. Positive vaccine developments and extended fiscal support measures should, however, help to bolster sentiment and spending and we do not foresee a return to a global recession.

US

- The S&P 500 and the NASDAQ 100 end 2020 at all-time highs, with the latter gaining almost 48% over the course of the year
- A significant rise in new infections will weigh on the economy in the coming months
- Manufacturing is showing resilience with strong new orders pointing to a solid start into the new year

The S&P 500 ended the year at an all-time high after a final spurt in the last two trading hours. The index gained 16.3% over the full year. With a gain of 47.6% the NADAQ 100 ended an even more impressive year, showing the best performance since 2009 and more than doubling over the course of the last two years. Seeing the light at the end of the tunnel, investors are looking through the challenging few months ahead as new infections surge and social distancing weighs on the economy in the first quarter. The service industry will be more severely affected, and consumer spending started to soften in the final weeks of 2020. Manufacturing is showing resilience, however, with the ISM Manufacturing Index rising to 60.7 in December and strong new orders signalling a continuation of a solid trend.

UK

- The UK and the EU agree on a trade deal just days before the end of the transition period
- Avoiding new tariffs will mitigate the impact of Brexit but severe disruptions and another lockdown weigh on the economy
- Manufacturing temporarily benefits from stockpiling while service activity remains under pressure

After months of tenacious negotiations and the passing of several proclaimed deadlines, the EU and the UK finally reached an agreement on a trade deal. Although it is a relatively narrow agreement, it will help to mitigate the economic impact of the UK leaving the EU single market and customs union. Failing to reach a deal would have led to the implementation of tariffs, particularly in sectors like car manufacturing and agriculture. In the near term, the impact of yet another lockdown following a surge in new infections will weigh on the economy, making a contraction in the first quarter of the new year likely. Even before the latest measures, service sector activity struggled while manufacturing temporarily benefitted from stockpiling ahead of the looming end of the transition period.

Eurozone

- The ECB expands PEPP by EUR 500bn and extends it until March 2022
- Poland, Hungary and the rest of the EU agree to a compromise on the Multi-Annual Budget and NextGen EU initiative
- Economic activity shows some resilience to renewed lockdowns, though growth in Q4 will still be negative

The last month of 2020 saw some positive developments for Eurozone policymaking. The ECB announced a EUR 500bn extension to its Pandemic Emergency Purchase Programme (PEPP) bringing the total to 1.85 trillion euros, and it also extended the duration of the programme from mid-2021 to March 2022. It was also confirmed that the EUR 750bn NextGen EU initiative would be operational next year as last-minute objections from Hungary and Poland were overcome. As the NextGen EU fund gradually becomes operational it should help support growth in the region. Meanwhile, the flash Eurozone Composite PMI rebounded to 49.8 in December from 45.3 in November, driven by a sharp improvement in services confidence and continued resilience in manufacturing sentiment.

Switzerland

- The economy remains supported by firm manufacturing and consumption activity, but job market prospects are muted, weighing on broader sentiment
- Switzerland is labelled a currency manipulator by the US Treasury, but this was expected and is unlikely to trigger a change in policy
- The deflationary environment persists, amplified by a strong currency and a weak global pricing environment

Economic activity was resilient towards the end of 2020, led by firm consumption and manufacturing activity. The light touch approach towards lockdowns continued, with large parts of the economy staying open despite rising infection rates. We expect this approach to continue, with the economic expansion likely to remain in place during the challenging winter period. Strict lockdowns elsewhere and a strong franc will be headwinds though, limiting any upside to activity. Inflation is weak, with consumer prices down 0.7% in 2020, and deflationary pressures are set to persist amid excess capacity, a strong currency and a weak global pricing environment. Against this backdrop, we expect the SNB to leave policy unchanged in 2021, with FX interventions remaining an integral part of its framework.

Japan

- The third COVID-19 wave with record high infections continues to hit Japan
- Economic growth is likely to slow in Q1 before the recovery path takes hold again
- Japanese equities are trading in line with global equities

The third wave of COVID-19 is hitting Japan with a vengeance, and the declared state-of-emergency in the Greater Tokyo area is likely to hamper growth at the start of the year. The 'Go To' travel and eat campaign has been halted, and recent mobility data confirm a sharp slowdown that will take its toll on consumption. Looking ahead, however, the latest stimulus package, an encouraging export outlook and the fact that depleted inventories need to be re-filled should support the economy going forward. While the 30-year high of the price-weighted Nikkei 225 Index has made headlines, the picture is less bullish when referring to the broader Topix or MSCI Japan Index. The latter has continued to trade roughly in line with global equities. Further yen strength is a risk.

China

- China's economic growth is stalling following the boom in Q4
- Electricity shortages are hampering industrial production
- Chinese equities appear to be bottoming out versus global equities

China's economy is losing some steam following an export-led boom in Q4. Export orders are stalling, though at a high level, while industrial activity is suffering from electricity shortages in some provinces due to colder weather and restrictions on carbon emissions and coal imports. This is also reflected in the weaker Caixin Manufacturing PMI for December. However, China's growth remains solid and some normalisation of policy support is healthy. We believe retail sales will remain buoyant, while property and infrastructure investment will slow somewhat. The MSCI China has underperformed global equities for two months, while domestic 'A'-shares have resumed their rally. The CNY is again appreciating versus the USD following a pause.

Australia

- GDP Q3 surprises to the upside, driven by buoyant consumer spending
- The labour market recovers swiftly, and job growth remains upbeat
- Equity markets take a breather post the November rally

Underpinned by robust consumer spending, Australia's Q3 output grew 3.3% QoQ, surprising consensus forecasts to the upside. The economy continued to recover firmly in Q4, as pent-up demand post Victoria's lockdown bolstered consumption. The service sector showed clear signs of a revival with restaurant bookings moving above pre-crisis levels. Notably, the labour market healed much faster than consensus had expected, with the November unemployment rate easing from 7% to 6.8%. Given a brightening macro background and tentative improvements in corporate profitability, equities should perform well going into 2021. While bond yields moved slightly higher, the RBA's ongoing quantitative easing should put a lid on bond yields.

ASEAN

- The recovery in manufacturing and export activity remains on track
- Regional central banks kept policy rates unchanged in December
- Foreign capital flows into ASEAN markets are robust

Both Malaysia and Indonesia registered a trade surplus in November, thanks to the swift recovery in exports and a weaker pickup in imports. The rebound in Singapore's tech shipments took a breather in Q4 after solid improvement throughout Q3. While the manufacturing sector continued to recover, a renewed surge of new COVID-19 cases in Malaysia and remaining high infection rates in Indonesia prevented a whole-hearted recovery. Nevertheless, the pickup in consumer confidence, encouraged by news around the vaccine distribution, should bode well for regional consumer spending. Market sentiment improved noticeably in Q4 with foreign capital swiftly returning to the local bond and equity markets, particularly in Indonesia. We expect this trend to continue into 2021.

Valuation snapshot (MSCI Indices)

Current trailing valuations

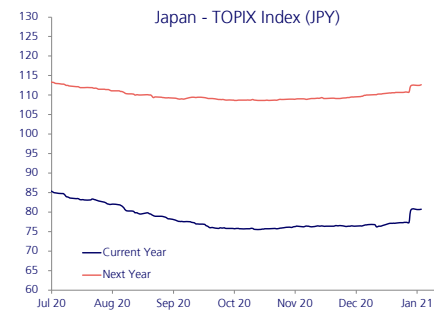
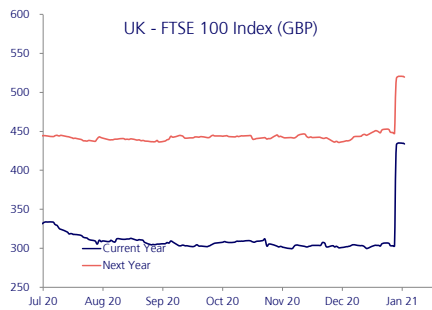
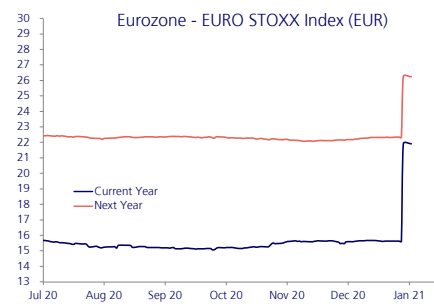
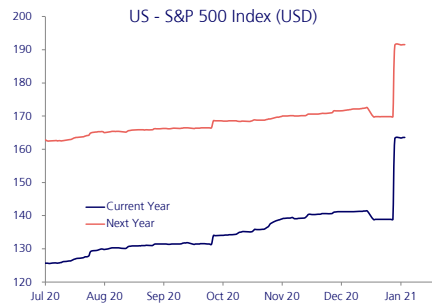
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	31.00	23.92	17.26	21.33	25.55	20.77	18.60	22.74	23.84
12m Trailing P/B	4.18	1.96	1.56	3.14	1.41	1.86	2.08	2.18	1.91
12m Trailing P/CF	17.71	10.92	8.16	14.83	8.89	11.45	12.31	9.37	8.76
Dividend Yield	1.52	2.22	3.40	2.89	2.05	2.13	1.57	2.76	2.25
ROE	13.50	8.21	9.02	14.73	5.51	8.97	11.16	9.59	8.02

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.17	0.91	0.65	0.81	0.97	0.79	0.70	0.86	0.90
12m Trailing P/B	1.59	0.75	0.59	1.19	0.53	0.71	0.79	0.83	0.72
12m Trailing P/CF	1.32	0.82	0.61	1.11	0.66	0.86	0.92	0.70	0.66
Dividend Yield	0.81	1.18	1.81	1.53	1.09	1.13	0.83	1.47	1.20
ROE	1.35	0.82	0.90	1.47	0.55	0.90	1.12	0.96	0.80

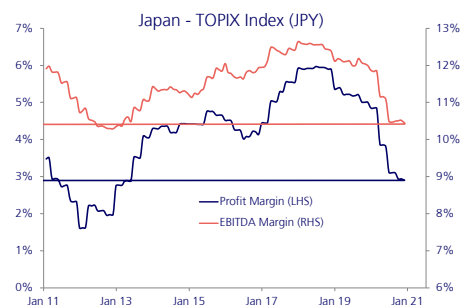
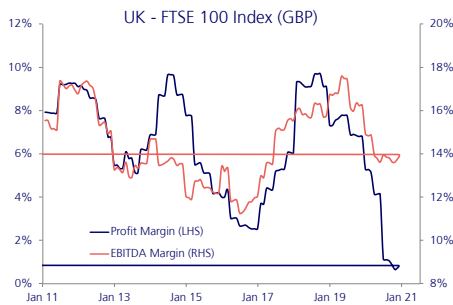
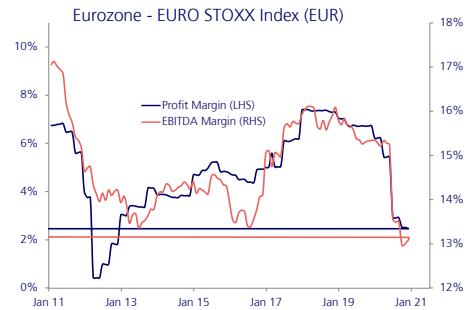
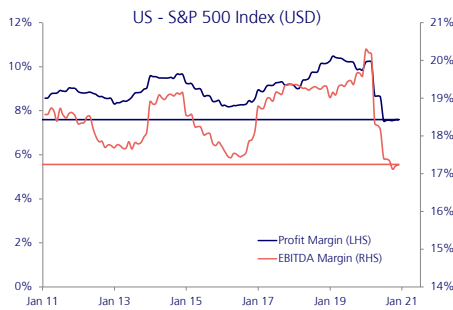
Source: Datastream

Earnings estimates - Full fiscal years



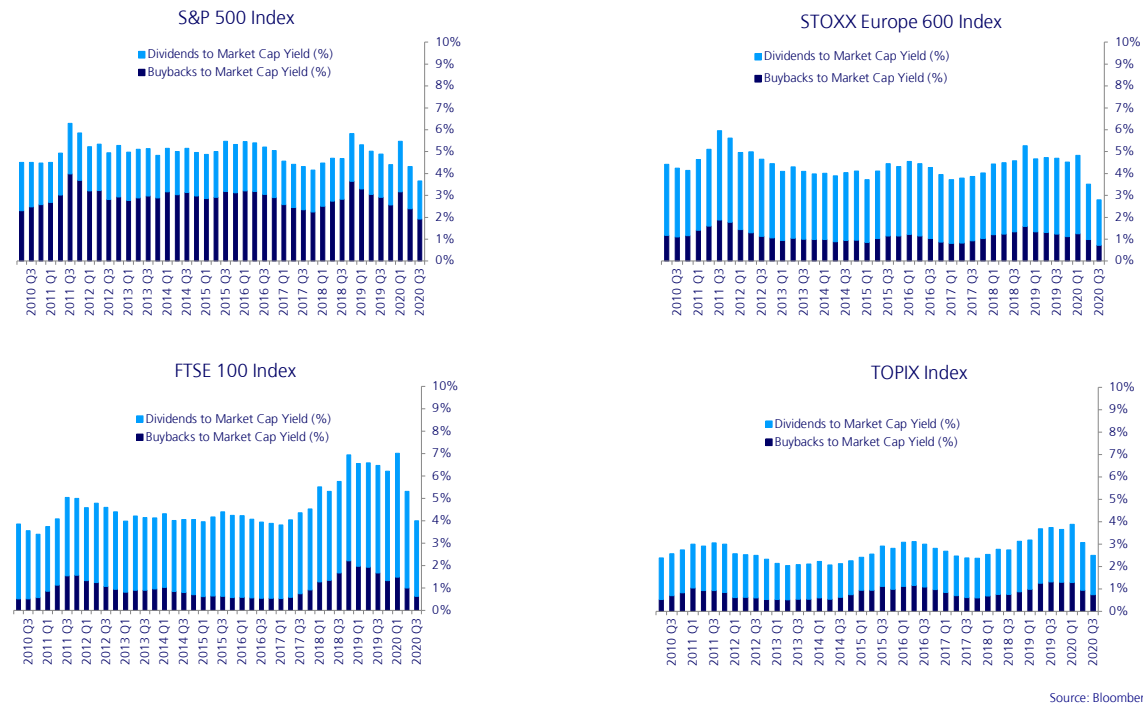
Source: Bloomberg

Historical margins

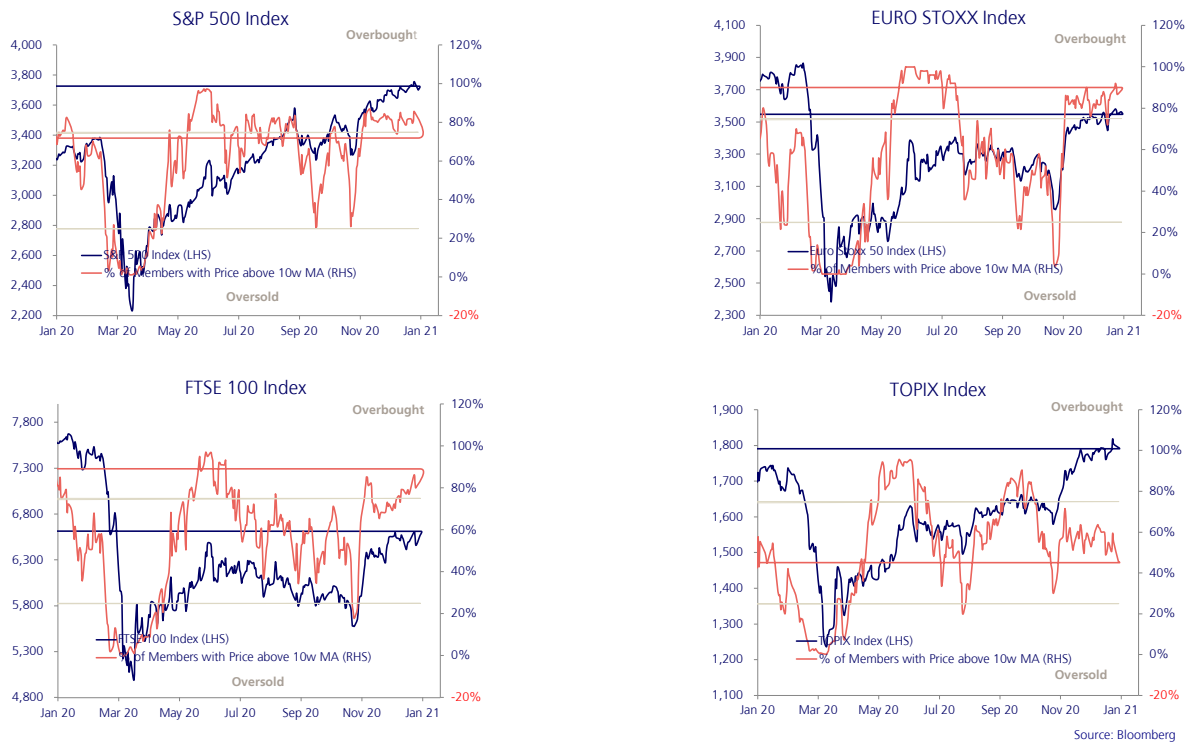


Source: Bloomberg

Dividends and shares buybacks

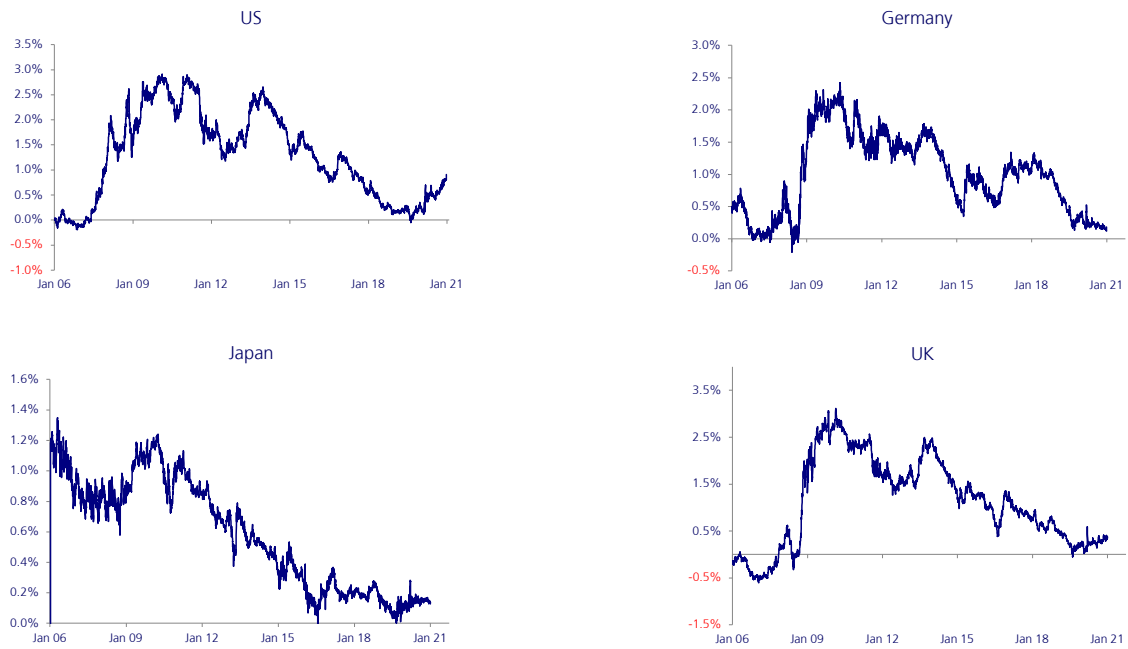


Overbought / Oversold



Appendix 3

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Jan-21	1m ago	3m ago	1yr ago
UK	-80	-61	-50	-103
Germany	-157	-151	-131	-210
Switzerland	-154	-148	-128	-235
Japan	-103	-94	-75	-182
Australia	2	3	8	-60
China	208	234	236	132
South Korea	68	70	76	-18
Malaysia	154	174	185	148
Indonesia	492	523	613	525
Thailand	28		54	-46
Philippines	301	n/a	n/a	n/a
Brazil	589	n/a	722	499
Mexico	451	473	539	507
Colombia	427	448	n/a	451
Peru	247	289	340	229

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Jan-21	1m ago	3m ago	1yr ago
France	20	24	26	30
Netherlands	4	8	10	13
Belgium	16	20	22	28
Austria	12	16	16	22
Ireland	20	29	33	30
Italy	109	117	128	166
Spain	57	63	72	68
Portugal	54	59	72	65

Source: Bloomberg, ZIG

Economic data

US	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend*
ISM Manufacturing (Index)	47.8	50.9	50.1	49.1	41.5	43.1	52.6	54.2	56.0	55.4	59.3	57.5	60.7	up
ISM Non-Manufacturing (Index)	54.9	55.5	57.3	52.5	41.8	45.4	57.1	58.1	56.9	57.8	56.6	55.9		down
Durable Goods (% MoM)	2.8	-0.2	2.0	-16.7	-18.3	15.0	7.7	11.8	0.4	2.1	1.8	1.0		down
Consumer Confidence (Index)	128.2	130.4	132.6	118.8	85.7	85.9	98.3	91.7	86.3	101.3	101.4	92.9	88.6	up
Retail Sales (% MoM)	5.6	4.9	4.5	-5.6	-19.9	-5.6	2.2	2.7	3.6	6.1	5.5	4.1		up
Unemployment Rate (%)	3.5	3.6	3.5	4.4	14.7	13.3	11.1	10.2	8.4	7.9	6.9	6.7		down
Avg Hourly Earnings YoY (% YoY)	3.2	3.3	3.3	3.5	7.7	6.6	5.4	4.7	4.8	4.5	4.4	4.5		down
Change in Payrolls ('000, MoM)	184.0	214.0	251.0	-1373.0	-20787.0	2725.0	4781.0	1761.0	1493.0	711.0	610.0	245.0		down
PCE (% YoY)	1.6	1.8	1.9	1.7	0.9	1.0	1.1	1.3	1.4	1.5	1.4	1.4		up
GDP (% QoQ, Annualized)	2.4			-5.0			-31.4			33.4				
UK	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend*
PMI Services (Index)	50.0	53.9	53.2	34.5	13.4	29.0	47.1	56.5	58.8	56.1	51.4	47.6	49.4	down
Consumer Confidence (Index)	-11.0	-9.0	-7.0	-9.0	-34.0	-34.0	-30.0	-27.0	-27.0	-25.0	-31.0	-33.0	-26.0	down
Unemployment Rate (%)	3.8	3.9	4.0	4.0	4.0	4.1	4.1	4.3	4.5	4.8	4.9			down
CPI (% YoY)	1.3	1.8	1.7	1.5	0.8	0.5	0.6	1.0	0.2	0.5	0.7	0.3		down
GDP (% YoY)	1.2			-2.4			-20.8			-8.6				
Eurozone	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend*
PMI Manufacturing (Index)	46.3	47.9	49.2	44.5	33.4	39.4	47.4	51.8	51.7	53.7	54.8	53.8	55.2	up
PMI Services (Index)	52.8	52.5	52.6	26.4	12.0	30.5	48.3	54.7	50.5	48.0	46.9	41.7	46.4	down
IFO Business Climate (Index)	95.5	95.3	95.8	86.7	75.4	80.4	86.2	90.2	92.4	93.2	92.5	90.9	92.1	down
Industrial Production (% MoM)	-2.0	2.2	0.0	-11.7	-18.0	12.5	9.5	5.4	0.5	0.1	2.1			down
Factory Orders GE (% MoM)	-1.5	4.9	-1.3	-14.8	-26.0	10.4	28.7	3.2	4.9	1.1	2.9			down
Unemployment Rate (%)	7.4	7.3	7.2	7.4	7.2	7.7	7.9	8.7	8.6	8.5	8.4			down
M3 Growth (% YoY, 3 months MA)	4.9	5.2	5.5	7.5	8.2	9.0	9.3	10.1	9.5	10.4	10.5	11.0		up
CPI (% YoY)	1.3	1.4	1.2	0.7	0.3	0.1	0.3	0.4	-0.2	-0.3	-0.3	-0.3		down
Core CPI (% YoY)	1.3	1.1	1.2	1.0	0.9	0.9	0.8	1.2	0.4	0.2	0.2	0.2		down
GDP (% QoQ)	0.1			-3.7			-11.7			12.5				
Switzerland	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend*
KOF Leading Indicator (Index)	94.0	98.6	99.2	88.1	54.7	52.4	65.7	86.9	107.5	110.0	106.3	103.7	104.3	up
PMI Manufacturing (Index)	48.8	47.8	49.5	43.7	40.7	42.1	41.9	49.2	51.8	53.1	52.3	55.2	58.0	up
Real Retail Sales (% YoY)	1.0	0.2	0.9	-6.1	-19.1	7.0	3.0	4.0	3.7	0.4	3.1			down
Trade Balance (Billion, CHF)	2.0	4.7	3.5	3.9	4.0	2.6	3.2	3.3	3.5	3.0	3.9	4.5		up
CPI (% YoY)	0.2	0.2	-0.1	-0.5	-1.1	-1.4	-1.3	-0.9	-0.9	-0.8	-0.6	-0.7	-0.8	up
Japan	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend*
Nomura Manufacturing PMI (Index)	48.4	48.8	47.8	44.8	41.9	38.4	40.1	45.2	47.2	47.7	48.7	49.0	50.0	up
Machine Orders (% YoY)	-3.5	-0.3	-2.4	-0.7	-17.7	-16.3	-22.5	-16.2	-15.2	-11.5	2.8			up
Industrial Production (% YoY)	-3.7	-2.4	-5.7	-5.2	-15.0	-26.3	-18.2	-15.5	-13.8	-9.0	-3.0	-3.4		up
ECO Watchers Survey (Index)	40.7	40.6	27.4	15.9	9.5	15.4	38.0	41.3	43.3	48.7	53.6	46.1		up
Jobs to Applicants Ratio (Index)	1.6	1.5	1.5	1.4	1.3	1.2	1.1	1.1	1.0	1.0	1.0	1.1		down
Labour Cash Earnings (% YoY)	-0.2	1.0	0.7	0.1	-0.7	-2.3	-2.0	-1.5	-1.3	-0.9	-0.7			up
Department Store Sales (% YoY)	-5.0	-3.1	-12.2	-33.4	-72.8	-65.6	-19.1	-20.3	-22.0	-33.6	-1.7	-14.3		up
Money Supply M2 (% YoY)	2.7	2.8	3.0	3.2	3.7	5.1	7.2	7.9	8.6	9.0	9.0	9.1		up
CPI Ex Food & Energy (% YoY)	0.5	0.4	0.2	0.3	-0.1	0.1	0.2	0.3	-0.4	-0.3	-0.4	-0.4		down
Exports (% YoY)	-6.3	-2.6	-1.0	-11.7	-21.9	-28.3	-26.2	-19.2	-14.8	-4.9	-0.2	-4.2		up
China	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend*
PMI Manufacturing (Index)	50.2	50.0	35.7	52.0	50.8	50.6	50.9	51.1	51.0	51.5	51.4	52.1	51.9	up
Industrial Production (% YoY)	6.9			-1.1	3.9	4.4	4.8	4.8	5.6	6.9	6.9	7.0		up
Retail Sales (% YoY)	8.0			-15.8	-7.5	-2.8	-1.8	-1.1	0.5	3.3	4.3	5.0		up
PPI (% YoY)	-0.5	0.1	-0.4	-1.5	-3.1	-3.7	-3.0	-2.4	-2.0	-2.1	-2.1	-1.5		up
Exports (% YoY)	7.9			-6.6	3.4	-3.2	0.5	7.2	9.5	9.9	11.4	21.1		up
CPI (% YoY)	4.5	5.4	5.2	4.3	3.3	2.4	2.5	2.7	2.4	1.7	0.5	-0.5		down
RRR (%)	13.0	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)	6.0			-6.8			3.2			4.9				up
PMI Non Manufacturing (Index)	50.2	50.0	35.7	52.0	50.8	50.6	50.9	51.1	51.0	51.5	51.4	52.1	51.9	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Appendix 5

Economic data

Australia	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend*
AIG Manufacturing (Index)	48.3	45.4	44.3	53.7	35.8	41.6	51.5	53.5	49.3	46.7	56.3	52.1		up
AIG Service (Index)	48.7	47.4	47.0	38.7	27.1	31.6	31.5	44.0	42.5	36.2	51.4	52.9		up
Westpac Consumer Confidence (% MoM)	-1.9	-1.8	2.3	-3.8	-17.7	16.4	6.3	-6.1	-9.5	18.0	11.9	2.5	4.1	up
Building Approvals (% YoY)	9.9	-7.8	-2.4	2.9	7.3	-9.6	-14.1	7.9	1.0	9.9	14.3			up
Employment Change ('000, MoM)	30.8	10.8	18.4	-5.5	-606.4	-265.7	227.0	117.8	163.4	-44.1	180.4	90.0		down

Brazil	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend*
CPI (% YoY)	4.3	4.2	4.0	3.3	2.4	1.9	2.1	2.3	2.4	3.1	3.9	4.3		up
Industrial Production (% YoY)	0.0	-1.3	-0.9	-0.3	-3.8	-27.6	-21.8	-8.8	-2.7	-2.5	3.7	0.3		up
Retail Sales (% YoY)	0.0	2.6	1.4	4.7	-1.1	-17.1	-7.4	0.5	5.5	6.2	7.3	8.3		up
Trade Balance (Millions, USD)	-1683.6	2325.3	3832.6	5999.5	4152.6	7067.3	7955.1	6347.7	5945.2	5366.9	3727.7	-41.6		down
Budget Balance Primary (Billions, BRL)	-38.4	19.1	-49.4	-79.7	-115.8	-140.4	-210.2	-86.9	-121.9	-103.4	-30.9	-20.1		up

Chile	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend*
IMACEC Economic Activity Index (% YoY)	0.77	1.46	3.33	-3.47	-14.29	-15.52	-13.61	-11.29	-11.04	-4.84	-1.16	0.25		up
CPI (% YoY)	3.00	3.46	3.89	3.74	3.42	2.75	2.63	2.50	2.45	3.09	2.95	2.73		up
Retail Sales (% YoY)	0.20	4.46	-14.82	-31.66	-28.71	-24.19	-17.33	3.16	10.06	19.77	25.00			up
Industrial Production (% YoY)	3.23	1.95	5.29	0.65	-3.92	-5.86	-2.60	-3.33	-4.85	1.85	3.55	-0.71		up
Unemployment (%)	7.10	7.40	7.80	8.20	9.00	11.20	12.20	13.10	12.90	12.30	11.60	10.80		down

Mexico	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend*
PMI (Index)	46.3	49.2	47.5	44.2	40.7	38.1	43.3	48.1	45.6	46.8	49.6	48.9	48.7	up
CPI (% YoY)	0.0	3.2	3.7	3.3	2.2	2.8	3.3	3.6	4.1	4.0	4.1	3.3		up
Retail Sales (% YoY)	3.0	1.3	1.8	-2.0	-23.8	-23.8	-16.7	-12.6	-10.8	-7.1	-7.1			up
Industrial Production (% YoY)	-0.3	-1.3	-1.1	-5.6	-35.1	-36.9	-16.2	-8.8	-9.3	-3.1	-1.3			up
Remittances (Millions, USD)	3119.2	2620.9	2732.0	4044.8	2909.5	3445.4	3537.0	3531.9	3574.2	3570.4	3598.3	3381.2		down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Disclaimer and cautionary statement

This publication has been prepared by Zurich Insurance Group Ltd and the opinions expressed therein are those of Zurich Insurance Group Ltd as of the date of writing and are subject to change without notice.

This publication has been produced solely for informational purposes. The analysis contained and opinions expressed herein are based on numerous assumptions concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies. Different assumptions could result in materially different conclusions. All information contained in this publication have been compiled and obtained from sources believed to be reliable and credible but no representation or warranty, express or implied, is made by Zurich Insurance Group Ltd or any of its subsidiaries (the 'Group') as to their accuracy or completeness.

Opinions expressed and analyses contained herein might differ from or be contrary to those expressed by other Group functions or contained in other documents of the Group, as a result of using different assumptions and/or criteria.

The Group may buy, sell, cover or otherwise change the nature, form or amount of its investments, including any investments identified in this publication, without further notice for any reason.

This publication is not intended to be legal, underwriting, financial investment or any other type of professional advice. No content in this publication constitutes a recommendation that any particular investment, security, transaction or investment strategy is suitable for any specific person. The content in this publication is not designed to meet any one's personal situation. The Group hereby disclaims any duty to update any information in this publication.

Persons requiring advice should consult an independent adviser (the Group does not provide investment or personalized advice).

The Group disclaims any and all liability whatsoever resulting from the use of or reliance upon publication. Certain statements in this publication are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans, developments or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, developments and plans and objectives to differ materially from those expressed or implied in the forward-looking statements.

The subject matter of this publication is also not tied to any specific insurance product nor will it ensure coverage under any insurance policy.

This publication may not be reproduced either in whole, or in part, without prior written permission of Zurich Insurance Group Ltd, Mythenquai 2, 8002 Zurich, Switzerland. Neither Zurich Insurance Group Ltd nor any of its subsidiaries accept liability for any loss arising from the use or distribution of publication. This publication is for distribution only under such circumstances as may be permitted by applicable law and regulations. This publication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

Zurich Insurance Company Ltd
Investment Management
Mythenquai 2
8002 Zurich

173001630 01/16) TCL

