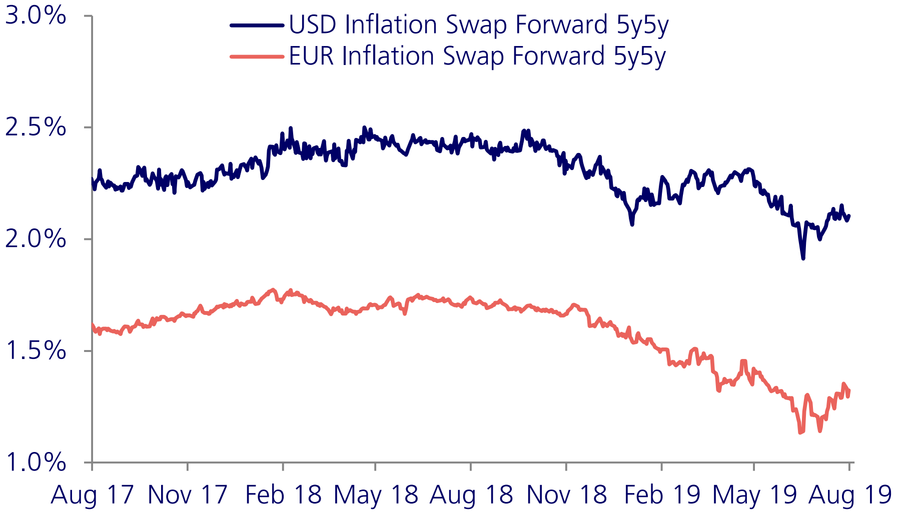
August 1, 2019

Monthly Investment Insights

Modest rebound in inflation expectations



Source: Bloomberg

Most major stock markets continued their rise with the S&P 500, the Dow Jones and the Nasdaq reaching new all-time highs in July. Investor sentiment was lifted by the prospect for easier monetary policy and the hope that the stimulus provided by central banks around the world will be enough to reignite global growth momentum. Refraining from action at its latest meeting, the ECB has nevertheless promised more monetary stimulus later this year in an effort to boost Eurozone growth and inflation. Meanwhile, the Fed is about to start its easing cycle with the first rate cut in more than a decade. The market has fully priced in a 25bp cut and sees even the possibility of a more aggressive move. More important than the actual move will be the Fed's commitment to provide further stimulus in the coming months and quarters. While the US economy continues to develop relatively well, particularly compared to other regions, we expect growth to slow further. GDP growth has fallen to 2.3% YoY in the second quarter from 3.2% a year ago, and the latest business surveys signal a further deterioration.

In June, longer term market-based inflation expectations fell to an all-time low in the Eurozone and to the lowest in three years in the US as investors increasingly worried about the longer term outlook and the lack of sufficient monetary response. While still trading at historically low levels, inflation expectations have rebounded, showing that central banks' latest dovish shift has some credibility. At the same time, there are still significant doubts in the market whether the expected monetary stimulus will be enough to boost business activity, strengthen economic momentum and extend the cycle, particularly as trade uncertainties continue to weigh on the outlook. The ever increasing pile of negative yielding bonds is a mirror image of the challenges that the world economy is facing. In Europe, some short-dated high yield bonds now offer negative yields, reflecting the distortions that have emerged in credit markets.

In addition to the prospect for monetary easing a decent earnings reporting season in the US has helped to support stock markets. While the overall earnings surprise was roughly in line with the recent historical average this was enough to lift earnings growth into positive territory. On the other hand, forward guidance is around the weakest level in years. Investors have so far ignored the subdued earnings outlook but the risk is that market participants abruptly shift back their focus to weak economic fundamentals, especially if central banks fail to live up to their expectations.

Market Assessment

Key developments

- Global economic conditions remain challenged, with little evidence of any turn for the better
- The Fed and the ECB signal their willingness to further ease monetary policy in the coming months
- Major US stock markets reach new all-time highs, with most other markets following, lifted by the prospect for monetary easing and a decent earnings season in the US

Zurich's view

Equity markets continue to climb higher despite more evidence of a global growth slowdown and cautious earnings guidance.

The global macro backdrop remains fraught, with growth rates continuing to slow. So far, this did not have a negative impact on stock prices as investors consider weaker economic data as a trigger for further monetary easing. However, investor expectations for further rate cuts are high and largely reflected in asset prices.

Equity markets may rise further driven by liquidity and a lack of alternatives given the ever increasing pile of negative yielding bonds. However, they are vulnerable to disappointment both with regards to a further deterioration of the economic environment as well as regarding underwhelming central bank reactions.

Bond yields have fallen significantly given the prospect of more monetary easing but seem to be in a holding pattern for the time being. At the same time, credit markets are increasingly stretched, with the clock ticking in terms of the end of the cycle approaching.

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	Key developments	Zurich's view
Global	• Global economic data remain weak, with manufacturing under increasing stress and signs that this is now spilling over to broader economic activity • Central banks are again late to respond, but are showing increasing urgency, however broader policy support is still missing • Hope of more liquidity is lifting asset prices and has also put a floor under inflation expectations, which had been plunging	Global growth remains under severe pressure, with manufacturing activity deteriorating even further. Readings imply broad-based weakness, with leading components such as new orders suggesting more stress ahead. Trade uncertainty remains high despite the resumption of US-China talks and this is derailing business investment in many regions. While central banks are now responding, with more cuts in Asia and the Fed and ECB expected to follow, this is unlikely to arrest the downward growth trajectory. Inflation expectations in the Eurozone and the US have moved higher from worryingly low levels, but a clear commitment will be required on both the monetary as well as fiscal front if global activity is to be revitalised. This seems unlikely for now.
US	• The Fed begins to ease its monetary policy to support the slowing economy • The US and China agree to resume trade talks after Presidents Trump and Xi meet at the G20 summit • Manufacturing new orders fall to the lowest level since December 2015	The S&P 500 reached a new all-time high in July and rose above 3000 for the first time on record. Equity markets were lifted by a number of dovish statements by FOMC members and the prospect of the Fed providing monetary stimulus to support the slowing economy. While the economy is still in a good shape, growth momentum keeps weakening and the outlook remains uncertain. Although China and the US have resumed trade talks, negotiations remain challenging and fragile. Business sentiment has cooled further with the ISM Manufacturing index falling to the lowest level since October 2016 and new orders signalling further headwinds. The labour market remains healthy with new payrolls rebounding to a solid 224'000 in June and initial jobless claims staying close to their post-recession lows.
UK	• Boris Johnson is the UK's next Prime Minister, vowing to leave the EU with or without a deal • Business sentiment falls further with the Composite PMI dipping below 50 for the first time since July 2016 • Wage growth reaches the highest level since 2008 as the labour market remains tight	As expected, Boris Johnson was elected to be the new leader of the Conservative Party and as such becomes the next PM of the UK. Johnson vows to leave the EU by October 31st with or without an agreement, increasing the risk of a hard Brexit. Parliament stepped up efforts to stop the government from leaving without a deal though the direct confrontation between MPs and the PM could result in early elections as Johnson may try to win a majority for his Brexit plans. Meanwhile, the economy remains under pressure despite some recent signs of relief. Retail sales rebounded in June while wage growth accelerated to the highest level since 2008 as the labour market remains tight. On the other hand, business sentiment deteriorated further with the Composite PMI dipping below 50 for the first time since July 2016.
Eurozone	• Christine Lagarde, IMF Managing Director, appointed as next ECB President • Italy avoids an Excessive Deficit Procedure for now and bond spreads tighten further on hopes of ECB QE • Bund yields hit record lows on anticipation of more ECB stimulus	Financial assets continued to track higher most of July, on the expectations of more easing from the ECB and Fed, despite the fact that macro data got worse. The Eurozone manufacturing PMI fell to its lowest levels in more than six years, while the German ifo business climate indicator also plummeted. Trade tensions and the lack of agreement between the US and China appear to be increasingly impacting business confidence the longer the dispute drags on, with businesses holding back from investing. With the manufacturing sector in the doldrums, there is an increasing risk that weakness will also transmit to the service sector with the result that the Eurozone economy enters stagnation or even recession within the next few quarters.
Japan	• While the service sector is doing fine, manufacturing conditions continue to deteriorate • The ruling coalition has won the Upper House elections, but failed to achieve a two-thirds majority • Japanese equities have been meandering on an absolute as well as relative basis to global equities	Japan's manufacturing sector remains in the doldrums. The latest Reuters Tankan diffusion index revealed another deterioration, while conditions in the non-manufacturing sector remain solid. Global trade issues and the fact that a turnaround in the tech cycle is not yet visible are affecting the downturn, while the latest measures taken to restrict exports of certain materials to Korea are not helping to improve conditions. Meanwhile consumer confidence has been deteriorating for 19 months in a row, as the VAT rate will be hiked from 8% to 10% in two months' time. On the political front PM Abe's coalition has maintained an absolute majority in the Upper House elections, but has lost the two-thirds supermajority necessary for constitutional amendments.

	Key developments	Zurich's view
China	• China's growth has picked up in June, with infrastructure spending gaining steam • While talks with the US have resumed, China is allowing for some tariff-free imports from the US • Chinese equities are stabilising, trading in a narrow range	Real GDP growth fell to 6.2% YoY in Q2, a record low since statistics have started to be released in 1992, but growth has actually gained steam on a QoQ basis. June macro data have come in better than expected, but it is too early to cheer, as some temporary circumstances have played a role. However, a pickup in local bond issuance is now reflected in higher infrastructure spending. China's trade truce with the US, a result of the latest Osaka G20 meeting between Presidents Xi and Trump, is helpful, even though longer term issues remain. As an obvious sign of goodwill, China is allowing some tariff-free cotton, soybean and pork purchases from the US. Chinese equities are stabilising, with the MSCI China moving in a narrow range.
Australia	• Housing data show some signs of stabilisation • The Reserve Bank of Australia (RBA) cut its policy rate while a post-election large tax cut passes parliament • Australia's stock market continues to perform well	Although housing data continued to weaken, the decline rate was slower, indicating a stabilisation. Meanwhile, the Australian Prudential Regulation Authority (APRA) eased its lending rules amid a monetary easing cycle with the RBA cutting its policy rate to 1%. Moreover, a large post-election tax package will support growth. Despite that, subdued economic activities persist amid global headwinds. The high level of household debt will contain the housing market recovery. The MSCI Australia climbed to a twelve-year high, pricing in more rate cuts. Despite a pause since late May, Australian stocks still outperform the MSCI World year-to-date.
ASEAN	• The trade dispute has an uneven impact on the region • Malaysia's economy held up well while the equity market continues to underperform • Bank Indonesia (BI) cut its policy rate while the Bank of Thailand (BoT) resisted.	The trade war implications gradually unfold for the region. Singapore probably suffers the most amid the global late stage of the tech cycle whereas Vietnam benefited substantially from the supply chain shift away from China. Meanwhile, Malaysia's industrial production rose moderately. We expect strong public spending going forward given a MYR 45bn infrastructure package announced by the government. Malaysian equities continue to underperform their global peers. BI cut its policy rate to 5.75%, while the BoT faced a decision dilemma. A strong baht certainly puts pressure on the central bank to loosen its policies. However, the BoT still kept its rate unchanged due to concerns over financial instabilities and high credit growth.

Appendix 1

Valuation snapshot (MSCI Indices)

Current trailing valuations

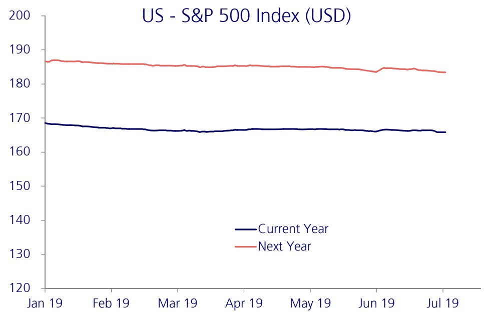
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.89	16.53	13.82	20.80	12.79	14.71	13.62	15.53	15.30
12m Trailing P/B	3.48	1.80	1.72	2.92	1.22	1.62	1.67	2.22	1.99
12m Trailing P/CF	13.46	9.19	8.96	10.15	7.79	9.17	7.44	9.65	7.55
Dividend Yield	1.92	3.33	4.52	3.06	2.51	2.83	2.12	3.37	3.19
ROE	16.66	10.90	12.43	14.05	9.57	11.03	12.24	14.27	13.03

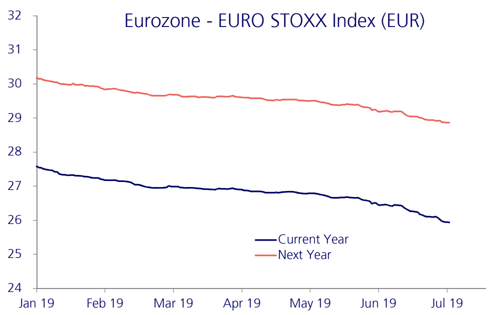
Current trailing valuations relative to MSCI world

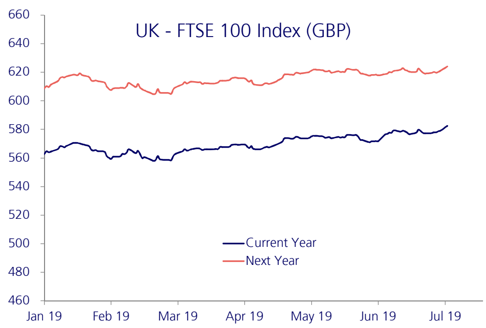
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.19	0.94	0.79	1.19	0.73	0.84	0.78	0.89	0.87
12m Trailing P/B	1.52	0.79	0.75	1.27	0.53	0.71	0.73	0.97	0.87
12m Trailing P/CF	1.23	0.84	0.82	0.92	0.71	0.84	0.68	0.88	0.69
Dividend Yield	0.77	1.34	1.82	1.23	1.01	1.14	0.85	1.35	1.28
ROE	1.27	0.83	0.95	1.07	0.73	0.84	0.94	1.09	1.00

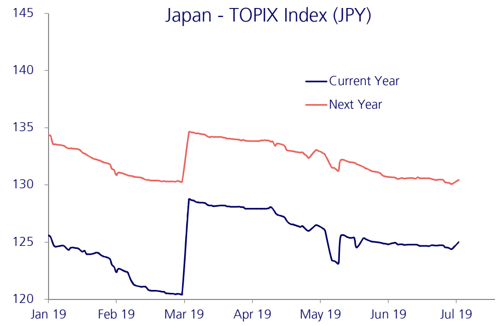
Source: Datastream

Earnings estimates - Full fiscal years



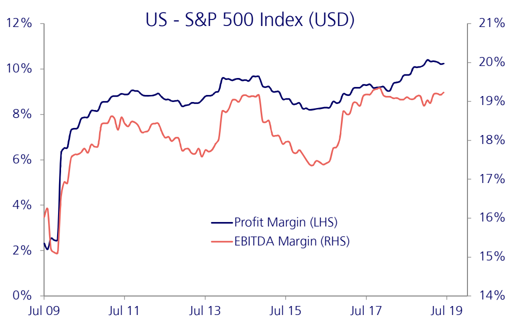


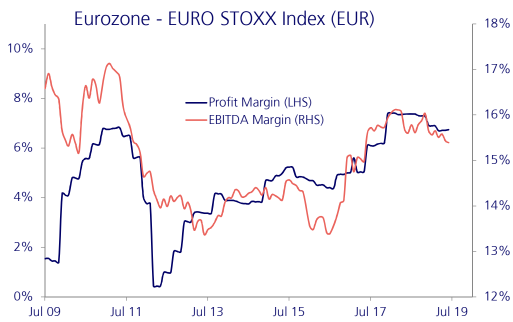


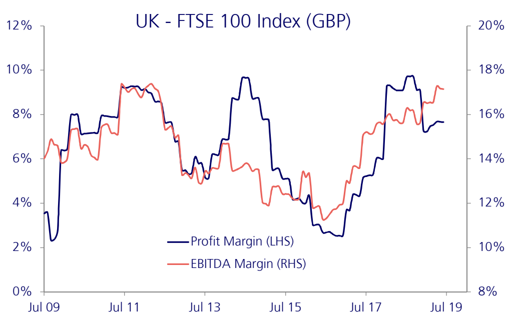


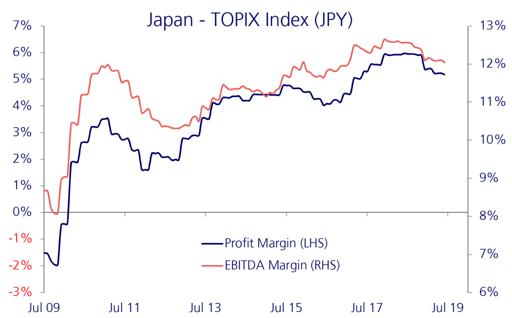
Historical margins

Source: Bloomberg



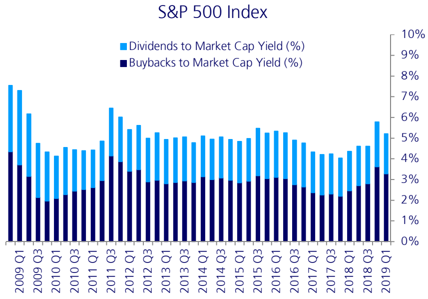


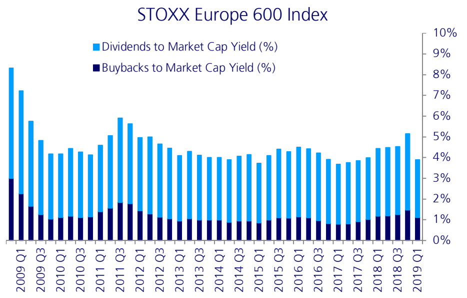


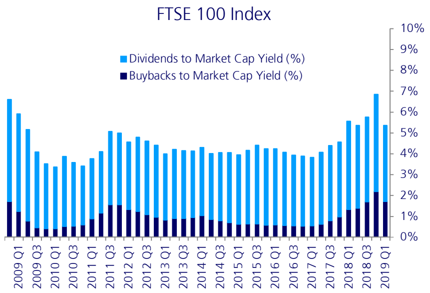


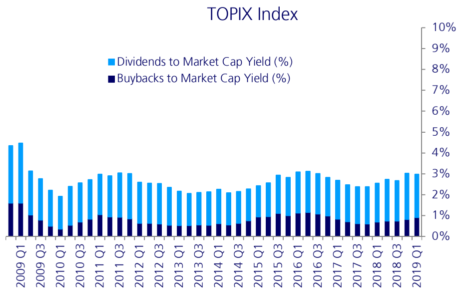
Source: Bloomberg

Dividends and shares buybacks



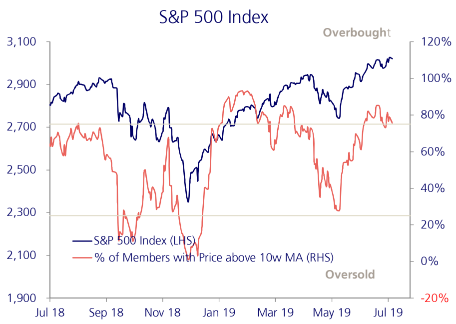


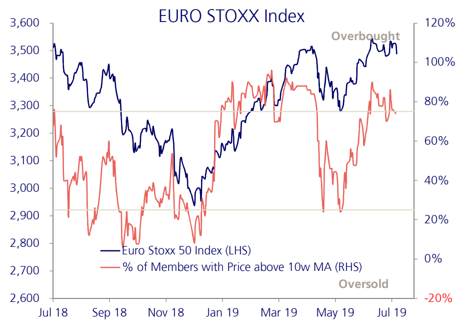


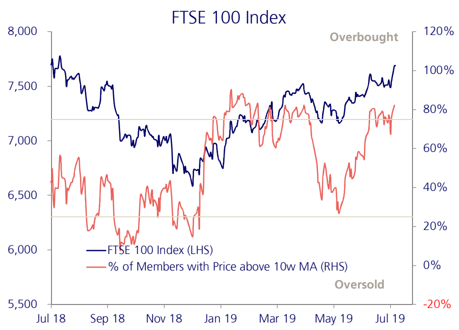


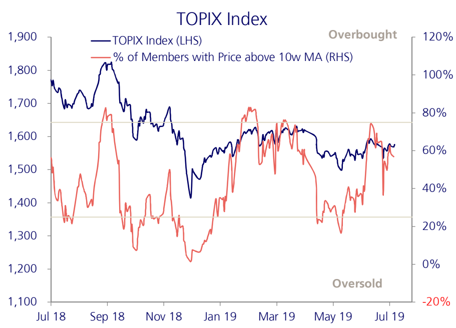
Source: Bloomberg

Overbought / Oversold





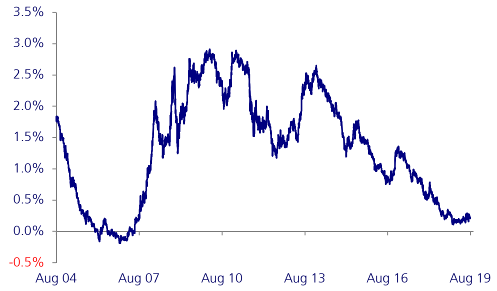




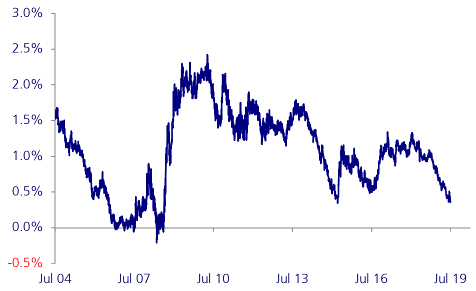
Source: Bloomberg

Yield Curve Steepness (2yr-10yr)

US



Germany



Japan

UK

Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Jul-19	1m ago	3m ago	1yr ago
UK	-140	-117	-135	-163
Germany	-244	-233	-249	-253
Switzerland	-277	-253	-279	-297
Japan	-220	-216	-254	-287
Australia	-85	-68	-72	-32
China	113	123	90	55
South Korea	-64	-41	-65	-40
Malaysia	154	164	129	111
Indonesia	528	536	533	475
Thailand	-16		-6	-26
Philippines	201	n/a	n/a	n/a
Brazil	517	n/a	n/a	809
Mexico	548	558	560	479
Colombia	395	413	434	383
Peru	223	271	265	247

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Jul-19	1m ago	3m ago	1yr ago
France	26	32	36	30
Netherlands	11	17	18	9
Belgium	32	39	44	31
Austria	22	28	30	17
Ireland	60	50	54	47
Italy	203	243	254	234
Spain	75	72	99	98
Portugal	82	80	110	133

Source: Bloomberg, ZIG

Economic data

US	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Trend*
ISM Manufacturing (Index)	60.0	58.4	60.8	59.5	57.5	58.8	54.3	56.6	54.2	55.3	52.8	52.1	51.7	down
ISM Non-Manufacturing (Index)	58.7	56.7	58.8	60.8	60.0	60.4	58.0	56.7	59.7	56.1	55.5	56.9	55.1	down
Durable Goods (% MoM)	-0.1	-0.9	4.2	1.5	-4.4	0.6	1.1	0.5	-2.6	1.7	-2.8	-2.3	2.0	down
Consumer Confidence (Index)	127.1	127.9	134.7	135.3	137.9	136.4	126.6	121.7	131.4	124.2	129.2	131.3	121.5	up
Retail Sales (% MoM)	6.0	6.6	6.3	3.9	4.8	4.0	1.4	2.6	1.9	3.8	3.8	2.9	3.4	up
Unemployment Rate (%)	4.0	3.9	3.8	3.7	3.8	3.7	3.9	4.0	3.8	3.8	3.6	3.6	3.7	down
Avg Hourly Earnings YoY (% YoY)	2.9	2.9	3.1	3.0	3.2	3.4	3.5	3.4	3.4	3.4	3.3	3.4	3.4	down
Change in Payrolls ('000, MoM)	262.0	178.0	282.0	108.0	277.0	196.0	227.0	312.0	56.0	153.0	216.0	72.0	224.0	down
PCE (% YoY)	2.0	2.0	1.9	2.0	1.8	1.9	2.0	1.8	1.7	1.5	1.6	1.6		down
GDP (%, QoQ, Annualized)	3.5			2.9			1.1			3.1			2.1	down

UK	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Trend*
PMI Services (Index)	55.1	53.5	54.3	53.9	52.2	50.4	51.2	50.1	51.3	48.9	50.4	51.0	50.2	up
Consumer Confidence (Index)	-9.0	-10.0	-7.0	-9.0	-10.0	-13.0	-14.0	-14.0	-13.0	-13.0	-13.0	-10.0	-13.0	up
Unemployment Rate (%)	4.0	4.0	4.0	4.1	4.1	4.0	4.0	3.9	3.9	3.8	3.8	3.8		down
CPI (% YoY)	2.4	2.5	2.7	2.4	2.4	2.3	2.1	1.8	1.9	1.9	2.1	2.0	2.0	up
GDP (% YoY)	1.4			1.6			1.4			1.8				

Eurozone	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Trend*
PMI Manufacturing (Index)	54.9	55.1	54.6	53.2	52.0	51.8	51.4	50.5	49.3	47.5	47.9	47.7	47.6	down
PMI Services (Index)	55.2	54.2	54.4	54.7	53.7	53.4	51.2	51.2	52.8	53.3	52.8	52.9	53.6	up
IFO Business Climate (Index)	102.0	102.0	104.2	104.0	102.8	102.4	101.3	99.6	98.9	99.8	99.2	98.2	97.5	down
Industrial Production (% MoM)	-0.3	-0.8	1.1	-0.5	-0.1	-1.2	-1.0	2.0	0.0	-0.3	-0.4	0.9		down
Factory Orders GE (% MoM)	-2.8	-0.8	1.5	0.0	0.2	-0.7	0.9	-2.1	-3.9	0.7	0.4	-2.2		up
Unemployment Rate (%)	8.2	8.1	8.0	8.0	8.0	7.9	7.9	7.8	7.8	7.6	7.6	7.5		down
M3 Growth (% YoY, 3 months MA)	4.3	4.0	3.5	3.6	3.8	3.7	4.1	3.7	4.2	4.6	4.7	4.8	4.5	up
CPI (% YoY)	2.0	2.2	2.1	2.1	2.3	1.9	1.5	1.4	1.5	1.4	1.7	1.2	1.3	down
Core CPI (% YoY)	1.0	1.1	1.0	1.0	1.2	0.9	0.9	1.1	1.0	0.8	1.3	0.8	1.1	up
GDP (% QoQ)	0.4			0.2			0.2			0.4				

Switzerland	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Trend*
KOF Leading Indicator (Index)	100.2	101.7	98.9	102.4	100.2	98.9	96.3	96.2	93.1	97.2	96.2	93.8	93.6	down
PMI Manufacturing (Index)	61.8	61.7	64.6	59.9	57.8	57.7	57.5	54.3	55.4	50.3	48.5	48.6	47.7	down
Real Retail Sales (% YoY)	0.2	-0.3	1.0	-2.8	1.4	-0.4	-0.5	-0.2	-0.3	-0.6	-0.8	-1.7		down
Trade Balance (Billion, CHF)	2.6	2.3	2.2	2.3	3.5	4.7	2.0	3.0	2.9	3.1	2.3	3.4	4.1	up
CPI (% YoY)	1.2	1.2	1.2	1.0	1.2	0.9	0.7	0.6	0.6	0.7	0.7	0.6	0.6	neutral

Japan	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Trend*
Nomura Manufacturing PMI (Index)	53.0	52.3	52.5	52.5	52.9	52.2	52.6	50.3	48.9	49.2	50.2	49.8	49.3	up
Machine Orders (% YoY)	0.3	13.9	12.6	-7.0	4.5	0.8	0.9	-2.9	-5.5	-0.7	2.5	-3.7		up
Industrial Production (% YoY)	-1.5	2.4	0.6	-2.5	4.2	1.9	-2.0	0.7	-1.1	-4.3	-1.1	-2.1	-4.1	down
ECO Watchers Survey (Index)	48.2	47.5	48.1	47.3	47.7	49.0	48.2	44.8	46.7	46.7	47.0	44.3	43.3	down
Jobs to Applicants Ratio (Index)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	down
Labour Cash Earnings (% YoY)	2.8	1.4	0.6	0.7	1.1	1.7	1.5	-0.6	-0.7	-1.3	-0.3	-0.5		down
Department Store Sales (% YoY)	3.1	-6.1	-0.2	-3.0	1.6	-0.6	-0.7	-2.9	0.4	0.1	-1.1	-0.8	-0.9	down
Money Supply M2 (% YoY)	3.1	2.9	2.9	2.8	2.7	2.3	2.4	2.3	2.3	2.4	2.5	2.6	2.3	up
CPI Ex Food & Energy (% YoY)	0.0	0.0	0.2	0.1	0.2	0.1	0.1	0.3	0.3	0.3	0.5	0.3	0.3	up
Exports (% YoY)	6.7	3.9	6.5	-1.4	8.2	0.1	-3.9	-8.4	-1.2	-2.4	-2.4	-7.8	-6.6	down

China	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Trend*
PMI Manufacturing (Index)	51.5	51.2	51.3	50.8	50.2	50.0	49.4	49.5	49.2	50.5	50.1	49.4	49.4	down
Industrial Production (% YoY)	6.0	6.0	6.1	5.8	5.9	5.4	5.7			8.5	5.4	5.0	6.3	up
Retail Sales (% YoY)	9.0	8.8	9.0	9.2	8.6	8.1	8.2			8.7	7.2	8.6	9.8	up
PPI (% YoY)	4.7	4.6	4.1	3.6	3.3	2.7	0.9	0.1	0.1	0.4	0.9	0.6	0.0	up
Exports (% YoY)	10.7	11.6	9.6	13.9	14.3	3.9	-4.4	9.3	-20.8	13.8	-2.7	1.1	-1.3	down
CPI (% YoY)	1.9	2.1	2.3	2.5	2.5	2.2	1.9	1.7	1.5	2.3	2.5	2.7	2.7	up
RRR (%)	16.0	15.5	15.5	15.5	14.5	14.5	14.5	13.5	13.5	13.5	13.5	13.5	13.5	neutral
GDP (% YoY)	6.7			6.5			6.4			6.4			6.2	down
PMI Non Manufacturing (Index)	51.5	51.2	51.3	50.8	50.2	50.0	49.4	49.5	49.2	50.5	50.1	49.4	49.4	down
Aggregate Financing (Billions, CNY)	1184.9	1009.4	1442.8	1180.2	592.8	1363.7	1151.5							down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Trend*
AiG Manufacturing (Index)	55.6	52.5	55.9	57.1	54.7	50.8	50.0	52.5	54.0	51.0	54.8	52.7	49.4	down
AiG Service (Index)	63.0	53.6	52.2	52.5	51.1	55.1	52.1	44.3	44.5	44.8	46.5	52.5	52.2	up
Westpac Consumer Confidence (% MoM)	0.3	3.9	-2.3	-3.0	1.0	2.8	0.1	-4.7	4.3	-4.8	1.9	0.6	-0.6	up
Building Approvals (% YoY)	2.4	-4.6	-14.5	-12.6	-13.3	-33.9	-21.0	-27.1	-11.8	-24.9	-22.7	-19.2	-25.6	down
Employment Change ('000, MoM)	65.3	-0.1	44.8	11.6	27.4	39.2	18.4	35.8	11.5	20.1	42.0	45.3	0.5	up

Brazil	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Trend*
CPI (% YoY)	4.4	4.5	4.2	4.5	4.6	4.1	3.8	3.8	3.9	4.6	4.9	4.7	3.4	up
Industrial Production (% YoY)	-6.3	3.1	4.1	1.7	-2.3	0.7	-1.1	-3.6	-2.2	2.1	-6.2	-3.9	7.1	up
Retail Sales (% YoY)	2.7	1.5	-1.0	4.0	0.1	1.9	4.5	0.6	1.9	4.0	-4.4	1.8	1.0	down
Trade Balance (Millions, USD)	5882.0	4227.0	3775.0	4971.0	6121.0	4062.0	6639.0	2192.0	3673.0	4990.0	6061.0	6422.0	5019.0	up
Budget Balance Primary (Billions, BRL)	-57.9	-29.2	-76.9	-39.2	-6.1	-50.6	-68.0	26.0	-45.0	-62.2	-28.0	-47.6	-30.1	down

Chile	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Trend*
IMACEC Economic Activity Index (% YoY)	4.50	2.96	2.70	2.07	4.36	3.33	3.12	1.84	1.08	1.82	2.11	2.29		up
CPI (% YoY)	2.50	2.70	2.60	3.10	2.90	2.80	2.60	2.21	2.20	2.48	2.43	2.76	2.70	up
Retail Sales (% YoY)	7.17	0.25	5.47	1.72	8.02	-0.12	1.57	0.02	0.05	0.72	-0.80	3.30		up
Industrial Production (% YoY)	5.08	-1.65	-1.77	-3.15	2.00	0.36	1.60	-0.90	-3.55	-0.80	0.69	-0.17		up
Unemployment (%)	7.20	7.30	7.30	7.10	7.10	6.80	6.70	6.80	6.70	6.90	6.90	7.10		up

Mexico	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Trend*
PMI (Index)	52.4	50.3	51.3	51.0	50.0	49.8	49.1	50.0	53.8	50.7	51.9	49.2	49.0	down
CPI (% YoY)	4.7	4.8	4.9	5.0	4.9	4.7	4.8	4.4	3.9	4.0	4.4	4.3	4.0	up
Retail Sales (% YoY)	2.2	1.9	1.7	2.7	2.5	3.8	-0.5	0.7	2.5	1.6	1.6	2.8		up
Indutrial Production (% YoY)	2.2	2.4	2.2	2.3	2.5	1.6	0.2	1.3	0.8	2.8	-0.4	0.7		up
Remittances (Millions, USD)	3140.7	2857.5	2883.3	2718.9	2944.0	2893.2	2929.1	2399.7	2378.1	2882.3	2861.1	3203.1		up

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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