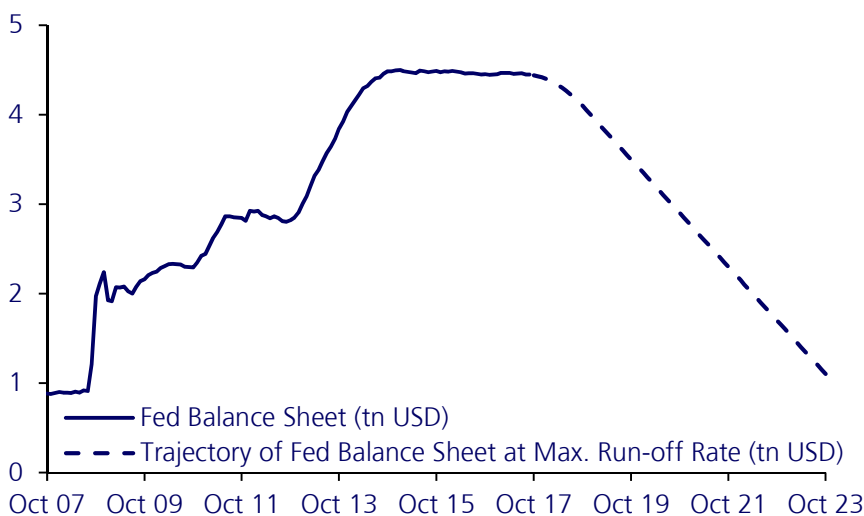


Monthly Investment Insights

A slow death for QE



Source: Bloomberg, ZIG

Investor caution resulting from the heightened tensions with North Korea did indeed prove overdone and short-lived, as we discussed last month. Bond yields jumped back from the lows of the year, while equities and credit regained their impetus, with many stock markets reaching new highs. While we see further upside ahead, most notably for stocks, October brings some new challenges. In addition to its reputation of being seasonally more troublesome, economic recovery is now prompting more aggressive policy normalisation by key central banks.

While global growth has been decent for some time now, recent data suggest renewed vigour in many regions. Leading global indicators have ticked higher from already elevated levels, with new export orders particularly robust. Importantly, business investment and capital spending are now substantial components of growth across regions, something that had been ominously absent until recently. This has allowed us to be more confident in our growth forecast of global activity being significantly above trend this year and maintaining the pace of expansion through 2018. Inflation is expected to remain benign, however, we do see some evidence that prices are now gaining a little traction in developed economies, and side with the Fed's view that the recent easing in US inflation is a combination of transient idiosyncratic events.

Given this backdrop, it should be no surprise that central banks are becoming more hawkish, with the ECB expected to announce a further tapering of its QE programme and some central banks now contemplating rate hikes. It is the Fed, however, that will be pivotal for investors as it starts the process of balance sheet reduction. Currently representing 23% of US GDP, the Fed's purchase and reinvestment of Treasuries and MBS was a dramatic new weapon that proved successful in bolstering growth, but it has now outstayed its welcome. As the chart above shows, from this month onwards a gradual process has been enacted of allowing a set amount of bonds to run off its balance sheet each month. Starting with USD 10bn per month, this will be raised every three months by 10bn to a maximum run rate of 50bn. While this has been well telegraphed to the market, given high valuations and the artificial suppression of the term premium, this unprecedented exit plan carries some risk, not least of which is moving too quickly, stifling growth and destabilising bond markets. We believe it is the right approach by the Fed, and continue to forecast an additional rate hike in December, something market pricing is only now starting to reflect. Investors should be able to accept the change in policy, but as fundamentals increasingly determine returns, volatility can be expected to rise.

Market Assessment

Key developments

- As expected, recent volatility in markets proved transient, with further upside in equities and bond yields likely, although geopolitical risk is high
- New impetus in economic activity is increasingly evident, with growth becoming more self-sustaining
- Policy normalisation enters a new phase, as the Fed starts to shrink its balance sheet, while the ECB signals further tapering of asset purchases

Zurich's view

The bull market for risk assets is likely to remain intact, with investors continuing to see bouts of weakness as buying opportunities, although we are entering a potentially more challenging period.

The scaling back of monetary stimulus in the US and Europe has the potential to unsettle an investor base that has become accustomed to the tailwind of liquidity provisioning. Although tightening will be gradual and has been well signposted, the risk of a policy mistake is ever present. The 2013 'Taper Tantrum' should be a reminder of the deft touch required of policymakers.

The economic backdrop is encouraging, however, with growth and inflation showing a better mix that should support earnings and dividend growth and allow fundamentals to finally take the baton from liquidity as the primary driver of asset prices.

Bond yields should move higher in this environment, although the move is still expected to be modest due to the debt overhang. Equities offer greater upside potential than credit, given the stage of the cycle we are in and the deteriorating supply/demand dynamics visible in many credit markets, while the USD seems poised for a rebound against the EUR.

Key developments

Zurich's view

Global

- A broad-based turnaround in investment is encouraging and makes higher growth rates more sustainable
- Inflation is still low in most regions, allowing central banks to maintain a dovish stance despite stronger growth
- Global liquidity provisioning is set to have peaked, and the world economy appears strong enough to withstand a gradual removal of stimulus

The global economy is in good shape, as a broad-based turnaround in investment makes current growth rates more sustainable. The global PMIs are firm, with supportive trends in most regions helped by stronger trade, as confirmed by a spike in new export orders to a six-year high. Inflation shows signs of edging higher, but the level is still low in most regions, allowing central banks to stay dovish. Monetary policy is diverging, with rate cuts in Asia and LatAm, while rates are rising in the US, Canada and Mexico. Global liquidity provisioning is likely to have peaked, with the Fed beginning to scale back its balance sheet, likely followed by ECB tapering of asset purchases next year. Given the potential for a policy mistake, it is encouraging that global growth is now more robust.

US

- Hurricanes Harvey and Irma hit the US, causing a temporary loss of economic momentum
- The Fed announces that it will begin to reduce its balance sheet in October
- Investors shrug off increasing tensions between the US and North Korea

In addition to beginning to unwind its crisis-era policy, the Fed continues to signal a further rate hike in December. Driven by a relatively hawkish Fed, solid economic data and the suspension of the debt limit until December, both Treasury yields and the dollar climbed higher. Economic momentum remains strong, but hurricanes Harvey and Irma will put a dent in Q3 growth, distorting data for some time. CPI inflation reaccelerated in August to 1.9% YoY, after 1.7% in July. Firms are reporting higher pricing pressure in the pipeline, but anecdotally also feel more able to raise selling prices. This bodes well for a continuation of companies' high profitability. Based on solid fundamentals the S&P 500 has shown a decent performance over the summer period despite geopolitical tensions and a usually weak season.

UK

- Sentiment in the service sector falls to the lowest level in a year
- Theresa May strikes a more conciliatory tone towards the EU, suggesting a two-year transition period after March 2019
- The BoE takes a more hawkish stance, pushing gilt yields and the pound higher

After a break in July, inflation reaccelerated in August, reaching 2.9% YoY and matching the post-Brexit high reached earlier this year. Despite economic momentum slowing down, the BoE seems to be increasingly worried about the pick-up in inflation, which is an ongoing effect of the steep drop in the pound. The BoE's focus on high inflation increases the likelihood of a rate hike in the coming months, lifting gilt yields and the pound. However, with wages growing at just 2.1% YoY, the squeeze on households' purchasing power remains, providing further headwinds for the economy. UK stocks recently underperformed their global peers, dragged down by a stronger currency. This seems somewhat overdone, however, as the global earnings outlook for British firms remains positive.

Eurozone

- The ECB highlights October 26 as the meeting when the decision on QE in 2018 will be announced
- German election results suggest there will be a long period of negotiation in order to form a new coalition government
- Tensions increase in Spain as the dispute between Catalonia and the central government worsens

Eurozone business surveys remain at or close to multi-year highs. Countries that had previously lagged, such as Italy, are seeing a pickup in growth and business confidence. There are also signs of Eurozone inflation and wages increasing, albeit from low levels. We therefore expect a reduction in the size of QE asset purchases to be announced at the October 26 ECB meeting. Admittedly, political risks remain. Notably, tensions between Catalonia and Spain's central government, and Italy's general elections to be held by May 2018 at the latest. A long period of talks is also likely before a new coalition government emerges in Germany, which may delay reforms at a Eurozone level. These developments will need monitoring, but for now do not derail our positive view on the region's equity markets.

Switzerland

- GDP expands by only 0.3% YoY in Q2, but this disappointing performance is likely to exaggerate underlying weakness
- Survey data remain strong, and the export sector continues to benefit from solid external demand
- The SNB keeps policy unchanged as inflation and growth remain weak and global political risks abound

GDP expanded by 0.3% in Q2, in line with our expectations, but the annual growth rate was also 0.3%; the lowest level since 2009. Surveys, by contrast, are strong, indicating growth well above trend. The discrepancy between 'soft' and 'hard' data is notable, and the truth is likely to lie in between. A lack of domestic demand is holding back growth in the broader economy, which is not picked up in some of the surveys. Weak employment dynamics are a concern, and we anticipate this to remain a headwind for consumption. Not surprisingly, the SNB left policy unchanged, and sight deposit data edged up in September, indicating that it is still active in forex markets. We do not expect a policy change this year, given weak inflation and slow growth, and with global political risk elevated.

Japan

- PM Abe has called snap elections for October 22
- New announcements on fiscal policy are aimed at supporting growth
- Japanese equities are benefitting from a weaker yen and a positive policy environment

PM Abe has exploited a recovery in the polls for his government and the LDP, as well as the fact that the opposition is in disarray, to call for Lower House elections on October 22. Our base case assumes that the ruling coalition will maintain the majority of seats, but will lose its two-thirds majority. Tokyo's governor, Yuriko Koike, announced that her 'Party of Hope' will run on a nationwide basis, but it will not be easy to establish enough candidates and prepare for the election in time. The scheduled hike in the consumption tax for October 1, 2019 will not be postponed again, but proceeds will be used to fund a fiscal package and child care subsidies, while the target to reach a primary fiscal balance by FY2020 will be postponed. Meanwhile, the economy continues to grow above trend.

China

- Our expected slowdown in economic activity growth is now for real
- Don't expect major surprises before and around the 19th National Congress of the CPC
- Following four months of appreciation, the CNY is depreciating again versus the USD

Most of China's economic indicators have come in below consensus expectations for a second month in a row. We believe this is the logical consequence of China's deleveraging process and tighter credit and property policy. However, we have no evidence of a severe slowdown, as, for example, freight volume is still showing a healthy growth path. The mining industry has been hard hit, following an intense environmental inspection process that caused shutdowns. All eyes are now on the 19th Communist Party Congress that takes place every five years, but we do not expect any major surprises. President Xi has been consolidating his power base beforehand, but it will be interesting to watch whether he will make any comments on SOE reform during his opening speech.

Australia

- Business sentiment is tracking close to its pre-2008 highs; corporate profits should recover in Q3
- The AUD is taking a temporary breather against the USD in the wake of the Fed's September meeting
- The 10yr sovereign spread to US Treasury holds the 50bps level in what seems to be a long bottoming process

Encouragingly, the labour market is healing at a strong pace, even in Queensland and Western Australia. In 2017, ~23k full-time jobs were added monthly, vs. -2k in 2016. The relatively low-wage sectors of healthcare and education are creating the most jobs. This partly explains the weakness in wage growth. Additionally, the unemployment rate remains 60bps above the RBA's NAIRU estimate of 5%. We expect the RBA to wait for some sign of life in wage growth before hiking. This could take a few quarters. Tepid income growth has led to weak consumption dynamics, which in turn has weighed on GDP growth. Going forward, we take comfort in the fact that business investment is bottoming, and in the accommodative nature of monetary and fiscal policies.

Valuation snapshot (MSCI Indices)

Current trailing valuations

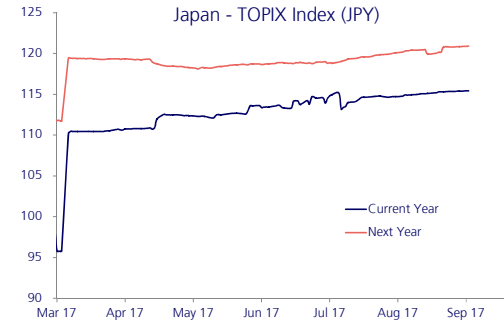
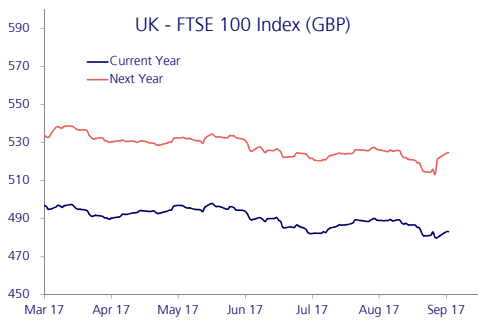
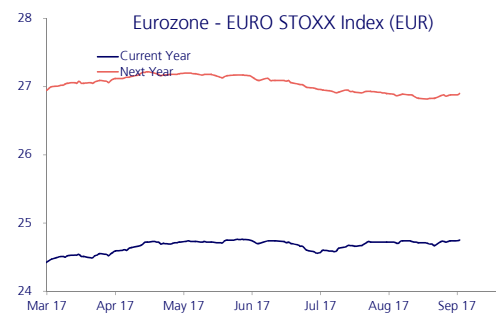
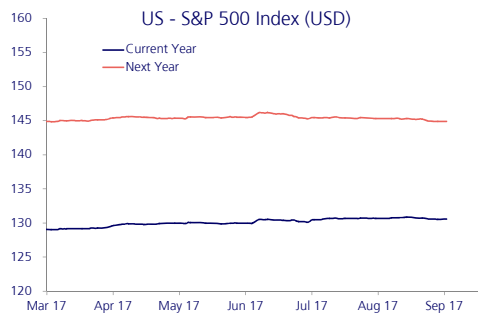
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	23.64	20.18	24.21	25.38	15.81	16.14	16.16	15.58	20.36
12m Trailing P/B	3.18	1.81	1.83	2.45	1.38	1.76	1.93	1.59	2.66
12m Trailing P/CF	14.37	7.88	8.38	13.86	8.88	10.32	8.19	7.21	10.02
Dividend Yield	1.95	3.11	3.88	3.17	2.07	2.58	1.73	3.14	2.14
ROE	13.45	8.96	7.54	9.67	8.70	10.91	11.93	10.22	13.06

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.14	0.98	1.17	1.23	0.77	0.78	0.78	0.75	0.99
12m Trailing P/B	1.42	0.81	0.81	1.09	0.61	0.79	0.86	0.71	1.19
12m Trailing P/CF	1.32	0.72	0.77	1.27	0.81	0.95	0.75	0.66	0.92
Dividend Yield	0.81	1.30	1.62	1.32	0.86	1.08	0.72	1.31	0.89
ROE	1.24	0.83	0.69	0.89	0.80	1.00	1.10	0.94	1.20

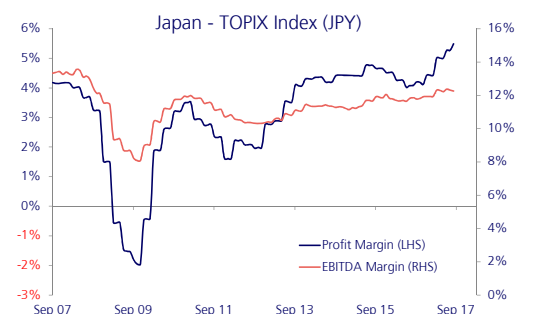
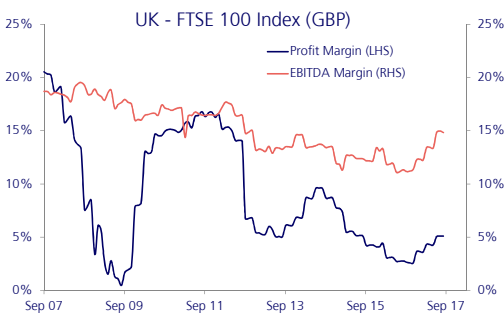
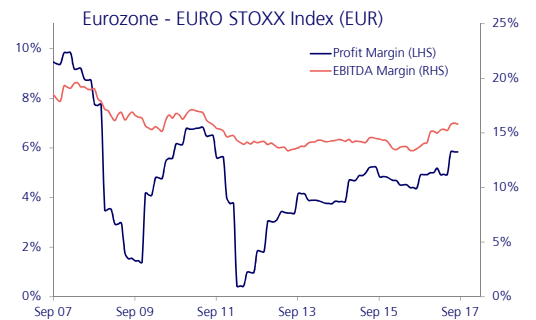
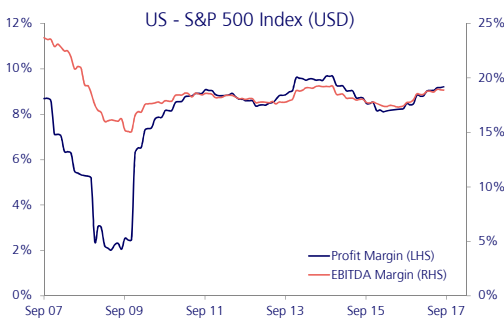
Source: Datastream

Earnings estimates - Full fiscal years



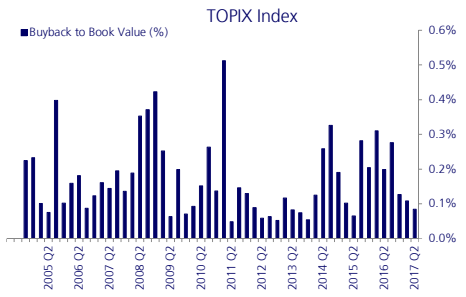
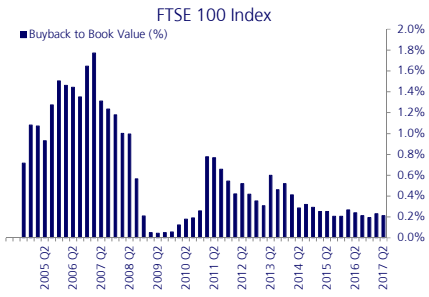
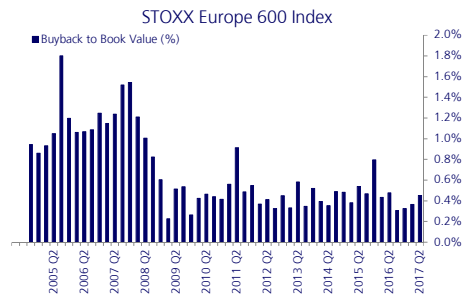
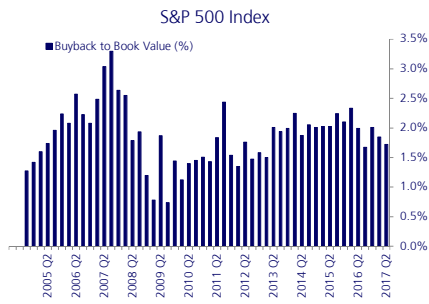
Source: Bloomberg

Historical margins



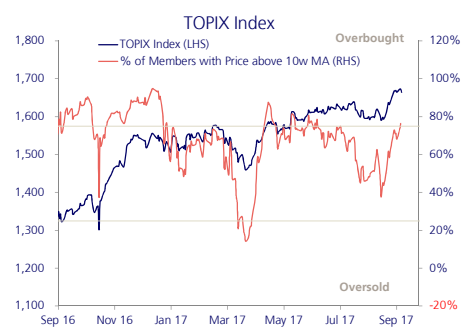
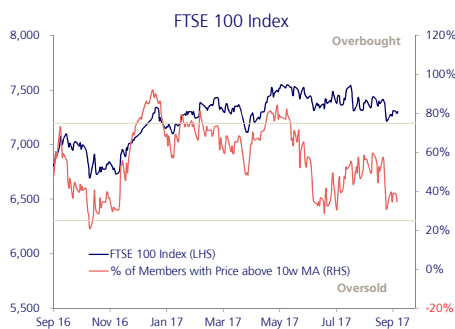
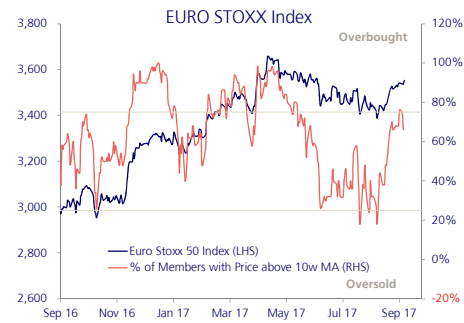
Source: Bloomberg

Shares buybacks



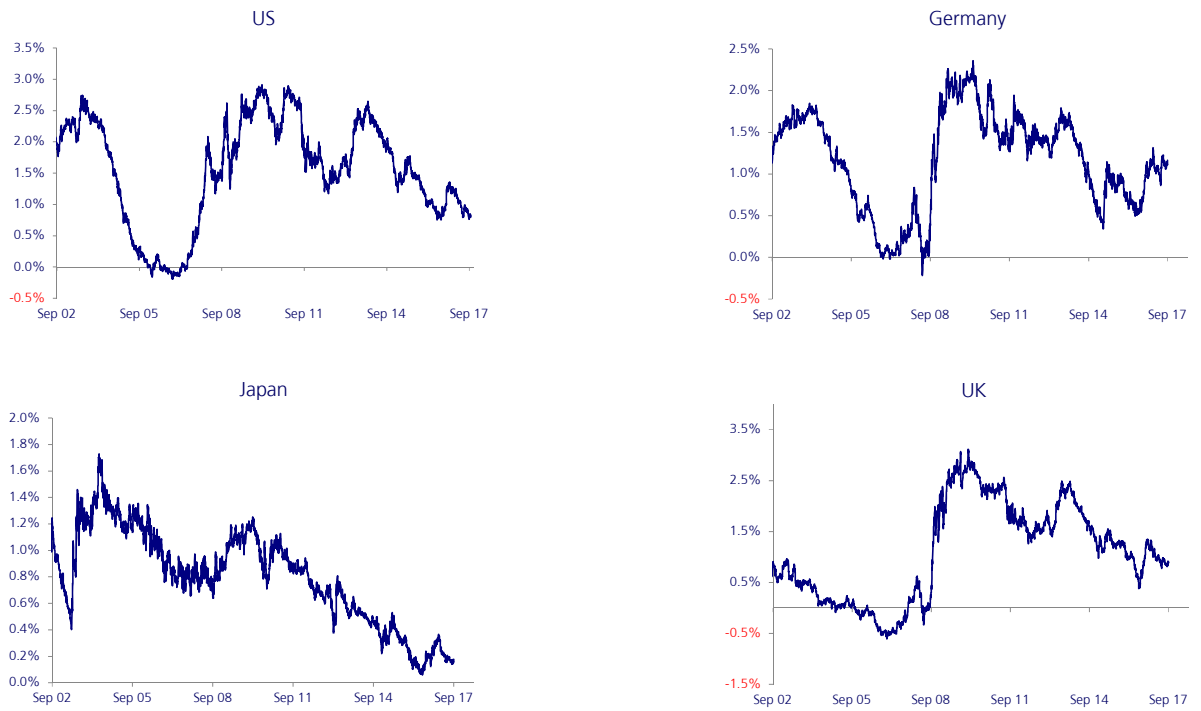
Source: Bloomberg

Overbought / Oversold



Source: Bloomberg

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Sep-17	1m ago	3m ago	1yr ago
UK	-92	-111	-102	-88
Germany	-182	-179	-181	-170
Switzerland	-230	-229	-231	-209
Japan	-223	-215	-220	-163
Australia	50	48	24	41
China	134	152	129	118
South Korea	2	9	-7	-6
Malaysia	158	178	163	201
Indonesia	413	464	456	535
Thailand	-4		20	59
Philippines	177	n/a	n/a	n/a
Brazil	745	n/a	837	1,019
Mexico	451	467	448	450
Colombia	424	456	415	550
Peru	293	327	327	425

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Sep-17	1m ago	3m ago	1yr ago
France	29	32	35	31
Netherlands	12	14	20	12
Belgium	29	33	33	24
Austria	17	21	26	21
Ireland	30	36	42	49
Italy	167	172	170	135
Spain	116	123	108	104
Portugal	195	249	258	355

Source: Bloomberg, ZIG

Economic data

US	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Trend*
ISM Manufacturing (Index)	49.4	51.7	52.0	53.5	54.5	56.0	57.7	57.2	54.8	54.9	57.8	56.3	58.8	up
ISM Non-Manufacturing (Index)	51.7	56.6	54.6	56.2	56.6	56.5	57.6	55.2	57.5	56.9	57.4	53.9	55.3	down
Durable Goods (% MoM)	0.6	-0.5	6.1	-4.6	0.3	0.3	1.4	2.4	-0.8	0.0	6.4	-6.8		down
Consumer Confidence (Index)	101.8	103.5	100.8	109.4	113.3	111.6	116.1	124.9	119.4	117.6	117.3	120.0	120.4	down
Retail Sales (% MoM)	2.4	3.2	4.0	3.7	4.0	5.6	4.7	4.8	4.5	4.2	3.0	3.5	3.2	down
Unemployment Rate (%)	4.9	4.9	4.8	4.6	4.7	4.8	4.7	4.5	4.4	4.3	4.4	4.3	4.4	down
Avg Hourly Earnings YoY (% YoY)	2.5	2.7	2.5	2.5	2.5	2.4	2.5	2.3	2.3	2.4	2.3	2.3	2.3	down
Change in Payrolls ('000, MoM)	176.0	249.0	124.0	164.0	155.0	216.0	232.0	50.0	207.0	145.0	210.0	189.0	156.0	up
PCE (% YoY)	1.9	1.8	1.9	1.8	1.9	1.9	1.9	1.6	1.6	1.5	1.5	1.4		down
GDP (% QoQ, Annualized)		2.8						1.2			3.0			
UK	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Trend*
PMI Services (Index)	52.9	52.6	54.5	55.2	56.2	54.5	53.3	55.0	55.8	53.8	53.4	53.8	53.2	down
Consumer Confidence (Index)	-7.0	-1.0	-3.0	-8.0	-7.0	-5.0	-6.0	-6.0	-7.0	-5.0	-10.0	-12.0	-10.0	down
Unemployment Rate (%)	5.0	4.8	4.8	4.8	4.8	4.7	4.7	4.6	4.6	4.5	4.4	4.3		down
CPI (% YoY)	0.6	1.0	0.9	1.2	1.6	1.8	2.3	2.3	2.7	2.9	2.6	2.6	2.9	up
GDP (% YoY)		2.0						2.0			1.7			
Eurozone	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Trend*
PMI Manufacturing (Index)	51.7	52.6	53.5	53.7	54.9	55.2	55.4	56.2	56.7	57.0	57.4	56.6	57.4	up
PMI Services (Index)	52.8	52.2	52.8	53.8	53.7	53.7	55.5	56.0	56.4	56.3	55.4	55.4	54.7	down
Ifo Business Climate (Index)	106.3	109.4	110.6	110.5	111.1	110.0	111.3	112.3	113.1	114.7	115.2	116.1	115.9	up
Industrial Production (% MoM)	1.6	-0.5	0.0	1.7	-1.0	0.2	-0.2	0.4	0.3	1.4	-0.6	0.1		up
Factory Orders GE (% MoM)	1.0	0.0	3.2	-1.9	6.1	-6.6	3.4	1.0	-2.1	1.1	0.9	-0.7		down
Unemployment Rate (%)	9.9	9.9	9.8	9.7	9.6	9.6	9.5	9.4	9.2	9.2	9.1	9.1		down
M3 Growth (% YoY, 3 months MA)	5.0	5.1	4.5	4.7	5.0	4.8	4.6	5.3	4.8	4.9	4.9	4.5	5.0	down
CPI (% YoY)	0.2	0.4	0.5	0.6	1.1	1.8	2.0	1.5	1.9	1.4	1.3	1.3	1.5	down
Core CPI (% YoY)	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.7	1.2	0.9	1.1	1.2	1.2	up
GDP (% QoQ)		0.5						0.5			0.6			
Switzerland	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Trend*
KOF Leading Indicator (Index)	99.8	101.6	103.8	102.3	102.4	102.0	106.8	107.1	106.3	101.9	105.8	108.0	104.1	up
PMI Manufacturing (Index)	51.6	54.4	55.2	55.9	56.2	54.6	57.8	58.6	57.4	55.6	60.1	60.9	61.2	up
Real Retail Sales (% YoY)	-2.6	-2.2	-0.6	0.6	-4.0	-1.0	0.4	2.5	-1.5	-0.8	1.7	-0.7		down
Trade Balance (Billion, CHF)	2.8	4.3	2.5	3.4	2.7	4.8	3.0	3.1	1.9	3.3	2.8	3.5	2.2	up
CPI (% YoY)	-0.1	-0.2	-0.2	-0.3	0.0	0.3	0.6	0.6	0.4	0.5	0.2	0.3	0.5	down
Japan	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Trend*
Nomura Manufacturing PMI (Index)	49.5	50.4	51.4	51.3	52.4	52.7	53.3	52.4	52.7	53.1	52.4	52.1	52.2	down
Machine Orders (% YoY)	11.6	4.3	-5.6	10.4	6.7	-8.2	5.6	-0.7	2.7	0.6	-5.2	-7.5		down
Industrial Production (% YoY)	4.5	1.5	-1.2	4.4	3.1	3.2	4.7	3.5	5.7	6.5	5.5	4.7		up
ECO Watchers Survey (Index)	45.6	44.8	46.2	48.6	51.2	48.6	48.5	50.6	50.4	50.1	49.9	51.0	49.6	down
Jobs to Applicants Ratio (Index)	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5		up
Labour Cash Earnings (% YoY)	0.0	0.0	0.1	0.5	0.5	0.3	0.4	0.0	0.5	0.6	0.4	-0.6		down
Department Store Sales (% YoY)	-6.0	-5.0	-3.9	-2.4	-1.7	-1.2	-1.7	-0.9	0.7	0.0	1.4	-1.4	2.0	up
Money Supply M2 (% YoY)	3.2	3.4	3.6	3.8	3.9	3.9	4.1	4.2	3.9	3.8	3.9	4.0	4.0	up
CPI Ex Food & Energy (% YoY)	0.2	0.0	0.2	0.1	0.0	0.1	-0.1	-0.3	-0.3	-0.2	-0.2	-0.1		up
Exports (% YoY)	-9.6	-6.9	-10.3	-0.4	5.4	1.3	11.3	12.0	7.5	14.9	9.7	13.4	18.1	up
China	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Trend*
PMI Manufacturing (Index)	50.4	50.4	51.2	51.7	51.4	51.3	51.6	51.8	51.2	51.2	51.7	51.4	51.7	up
Industrial Production (% YoY)	6.3	6.1	6.1	6.2	6.0			7.6	6.5	6.5	7.6	6.4	6.0	down
Retail Sales (% YoY)	10.6	10.7	10.0	10.8	10.9			10.9	10.7	10.7	11.0	10.4	10.1	down
PPI (% YoY)	-0.8	0.1	1.2	3.3	5.5	6.9	7.8	7.6	6.4	5.5	5.5	5.5	6.3	down
Exports (% YoY)	-3.8	-10.4	-7.9	-1.5	-6.2	7.2	-2.0	15.7	7.0	8.0	10.9	6.8	5.6	down
CPI (% YoY)	1.3	1.9	2.1	2.3	2.1	2.5	0.8	0.9	1.2	1.5	1.5	1.4	1.8	up
RRR (%)	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	neutral
GDP (% YoY)		6.7						6.9			6.9			neutral
PMI Non Manufacturing (Index)	50.4	50.4	51.2	51.7	51.4	51.3	51.6	51.8	51.2	51.2	51.7	51.4	51.7	up
Aggregate Financing (Billions, CNY)	1460.5	1711.5	886.5	1832.8	1626.0	3720.2	1086.4	2136.3	1383.4	1065.9	1771.1	1190.4	1480.0	down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Trend*
AiG Manufacturing (Index)	46.9	49.8	50.9	54.2	55.4	51.2	59.3	57.5	59.2	54.8	55.0	56.0	59.8	down
AiG Service (Index)	45.0	48.9	50.5	51.1	57.7	54.5	49.0	51.7	53.0	51.5	54.8	56.4	53.0	up
Westpac Consumer Confidence (% MoM)	2.0	0.3	1.1	-1.1	-3.9	0.1	2.3	0.1	-0.7	-1.1	-1.8	0.4	-1.2	down
Building Approvals (% YoY)	14.9	-3.9	-23.8	-3.3	-10.3	-9.3	-4.4	-19.7	-16.4	-18.2	-1.2	-13.9		up
Employment Change ('000, MoM)	-24.2	-19.6	14.4	46.2	16.3	6.4	11.1	54.6	50.1	40.9	21.7	29.3	54.2	down

Brazil	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Trend*
CPI (% YoY)	9.0	8.5	7.9	7.0	6.3	5.4	4.8	4.6	4.1	3.6	3.0	2.7	2.5	down
Industrial Production (% YoY)	-6.1	-4.7	-3.9	-7.2	-1.1	0.0	1.6	-0.6	1.7	-4.4	4.1	0.5	2.5	up
Retail Sales (% YoY)	-5.6	-5.5	-5.7	-8.1	-3.8	-4.9	-1.2	-3.7	-3.2	1.7	2.6	2.9	3.1	up
Trade Balance (Millions, USD)	4140.0	3802.0	2346.0	4756.0	4415.0	2724.0	4560.0	7145.0	6969.0	7661.0	7195.0	6298.0	5599.0	down
Budget Balance Primary (Billions, BRL)	-53.4	-62.9	-67.1	3.4	-80.4	-105.2	0.3	-54.2	-54.3	-15.4	-67.0	-51.1	-44.6	down

Chile	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Trend*
IMACEC Economic Activity Index (% YoY)	2.96	1.45	-0.26	1.02	0.59	1.17	-1.19	0.25	0.01	1.39	1.37	2.84		up
CPI (% YoY)	3.40	3.10	2.80	2.90	2.70	2.80	2.70	2.70	2.70	2.60	1.70	1.70	1.90	down
Retail Sales (% YoY)	-0.22	4.05	1.08	1.49	2.69	3.49	-0.23	6.05	-0.53	5.66	4.06	4.16		up
Industrial Production (% YoY)	3.10	-0.46	-7.19	-0.09	1.29	-1.23	-8.03	-8.31	-4.20	0.05	-1.90	3.30		up
Unemployment (%)	6.90	6.80	6.40	6.20	6.10	6.20	6.40	6.60	6.70	7.00	7.00	6.90		up

Mexico	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Trend*
PMI (Index)	49.2	50.5	50.2	48.6	48.3	48.4	46.4	46.7	44.8	48.9	54.7	51.8	54.0	up
CPI (% YoY)	2.7	3.0	3.1	3.3	3.4	4.7	4.9	5.4	5.8	6.2	6.3	6.4	6.7	up
Retail Sales (% YoY)	8.9	8.1	9.3	11.2	9.0	4.9	3.6	6.1	1.4	4.1	0.4	0.4		down
Industrial Production (% YoY)	3.7	0.1	-0.5	4.4	1.8	4.7	1.5	9.4	-1.3	5.1	2.5	2.2		up
Remittances (Millions, USD)	2269.3	2374.1	2220.2	2371.0	2342.5	2062.6	2056.8	2520.7	2304.7	2584.2	2417.0	2459.7		up

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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