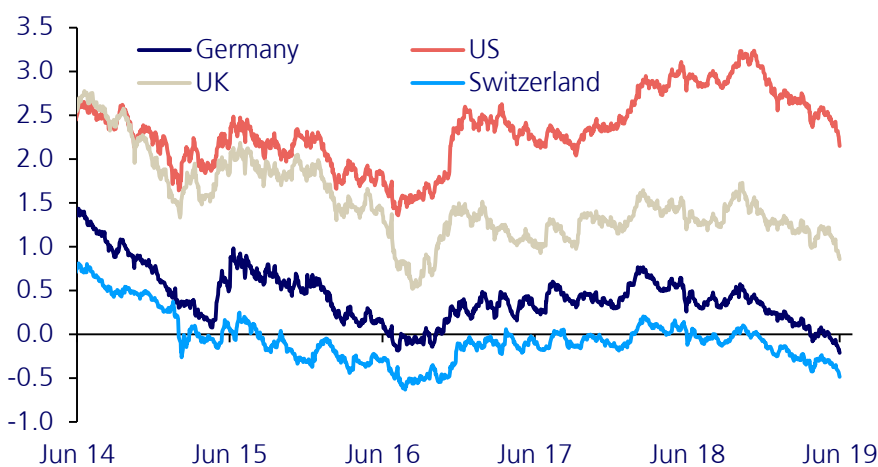


# Monthly Investment Insights

## Bond yields plunge as US-China relations darken



Source: Bloomberg

Financial markets are in a tug of war, with slowing growth and geopolitical risks pulling against easing monetary policy. This has pushed bond yields ever lower, with 10yr Bunds breaking to a record -0.21%. A neutral stance on asset allocation seems appropriate until greater clarity and a higher conviction of the dominant driver is reached.

While only a month ago it seemed that a US-China trade deal was all but done and dusted, we are now further away than ever, with stakes being ratcheted up. Not only are higher tariffs being applied by both sides, with more in the pipeline, but the tools of negotiation are broadening. The increasing focus on technology, and bi-partisan support within the US Congress for a tough stance to be taken, increases the risk of a protracted and volatile standoff. This comes at a time when global growth is slowing, trade is already under pressure and manufacturing output is weak. It is generally believed that President Trump has the upper hand and the ability to pick his time for settlement. However, the escalation in tensions and increasing resolve of Congress to tackle the much deeper issues of intellectual property and economic supremacy may undermine this view. While it is ultimately in everyone's interest to find a resolution, as consumers on both sides are going to feel the brunt of the tariffs, we suspect that it will now be months rather than weeks before a deal is struck.

As geopolitical tensions escalate and growth slows, central banks are again giving investors hope of coming to the rescue. The Philippines, Malaysia, New Zealand and now Australia have joined India in cutting rates, and we expect more to come. The significant financial tightening of the past two years has given way to rate cuts as the Fed has paused and inflation remains very well contained. The key will be what the Fed does next. The longest period of US economic expansion has been matched this month, with unemployment at 50-year lows, yet inflation is still below target. We suspect it will take a notable deterioration in data to prompt a rate cut, but with our forecast of a mild US recession in 2020 still in place, this is likely to be the Fed's next move. The ECB tends to be more reactionary, which is a concern given the vulnerability of the Eurozone. It is to be hoped that the details of the next TLTRO funding for the banks will be announced at the upcoming policy meeting. It needs to be impactful if confidence is to be bolstered, though we fear it may underwhelm. Unfortunately, our view of a deteriorating glide-path for global growth with choppy markets is very much intact.

## Market Assessment

### Key developments

- US-China tensions escalate, with technology at the fore, raising uncertainty about the timing and nature of any trade agreement
- Bond yields dive lower, with a number of core markets testing their cycle lows
- Risk assets come under pressure, but show resilience as investors rotate into defensive sectors rather than panic

### Zurich's view

The marked deterioration in mood between the US and China has been met with relative calm by investors, despite high expectations only a few weeks ago that a trade agreement was imminent. Given the uncertainty that now prevails and potential for volatility in markets, we maintain a neutral asset allocation stance.

Bund yields are back in negative territory and bond values in general have become stretched, but they are likely to remain so until there is greater clarity on trade policy and an uptick in economic conditions. Peripheral bonds are vulnerable and we expect a difficult period of budgetary negotiations between Italy and the EC that could push BTP spreads higher.

Credit markets have held in well, but fundamentals continue to deteriorate. US and European IG and HY markets are expensive and we suspect that the direction for spreads is now ultimately higher, though the hunt for yield could keep them tight for a bit longer. Stocks are relatively cheap and the rotation between cyclical and defensive sectors is encouraging, however, trade, and the implications for the IT sector are not fully priced. We believe that markets will be volatile and favour maintaining a neutral position.

## Key developments

## Zurich's view

### Global

- Global macro data are mixed, with further falls in the manufacturing PMIs while services remains resilient
- Global growth is expected to stabilise, but conditions are fragile and a resolution to the US-China trade dispute is needed for better growth prospects to materialise
- Central bank actions provide some offset, but the slump in global bond yields indicates that more support is required

The G3 flash manufacturing PMIs fell further in May, led by the US, showing that headwinds for the global economy have not waned. Although some leading indicators, including leading Asian export data, have stabilised, there are no signs of a turnaround. While we continue to expect global growth to stabilise, the growth environment is fragile and risks are high, with the US-China trade dispute at the fore. Business sentiment and investment will remain weak as long as uncertainty around the future of global trade persists, weighing on activity more broadly. Central banks provide some offset, with rate cuts in some regions, but the sharp slump in global bond yields show that this is not enough.

### US

- The Q1 earnings season was better than expected, lending support to equities
- The US-China trade dispute escalates with both sides announcing a new round of tariffs
- The housing market shows signs of stabilising but business activity is weakening

The S&P 500 reached a new high at the beginning of May before falling back on renewed trade worries and a continuation of the weak global growth environment. Tech stocks were particularly hard hit, given the recent escalation in the US-China trade dispute. Global weakness now risks spilling over to the US as well, as indicated by the latest print of Markit's PMIs. Both manufacturing and service activity slowed down markedly in May to levels that signal growth will fall below trend. The uncertain outlook weighs on business sentiment, while the next round of tariffs would hit consumers. So far, however, households remain upbeat regarding the outlook though actual spending has disappointed. On a positive note, the housing market has shown signs of stabilising in recent months.

### UK

- Theresa May resigns as Prime Minister and leader of the Conservative Party
- GDP growth picked up in Q1, helped by a temporary boost from stockpiling
- Political uncertainty pushes the pound back down towards the lower end of its recent trading range

Unable to secure a parliamentary majority for the withdrawal agreement she negotiated with the EU, Theresa May announced that she will step down as the Conservative Party leader on June 7th, with the search for her successor to formally begin the following week. Her successor will try to renegotiate the withdrawal agreement, though the EU is unlikely to offer any major concessions, leaving a no-deal Brexit as a real scenario. Meanwhile, the economy is holding up reasonably well with GDP growing at 0.5% in the first quarter. Momentum is expected to slow down, however, as business activity received a temporary boost ahead of the initial Brexit deadline on March 29th. The latest PMIs show that overall activity barely rose at the beginning of the second quarter.

### Eurozone

- Q1 GDP was stronger than expected, while business confidence remains weak but with some tentative signs of stabilisation
- Trade news flow dominates Eurozone equity markets as data remain mixed
- Another budget standoff between Italy and the EU is likely in H2

Eurozone Q1 GDP growth was better than expected, with Italy emerging from technical recession and Germany, in particular, seeing strong growth. While business confidence in the manufacturing sector remains at depressed levels, especially in Germany, an improvement in the forward-looking new orders component suggests that conditions may be stabilising. However, much of the data comes from before the increased US-China trade tensions, which will be a key factor over the next few months. Conditions in Italy could become more volatile in H2, with a standoff over the 2020 budget between Italy and the European Commission likely. Eurozone equities are likely to see volatility over the next few months, buffeted by macro developments and the news flow on trade and Italy.

### Switzerland

- GDP surprises on the upside in Q1, helped by a firm rebound in investment and modest growth in consumption and exports
- The manufacturing PMI dips below 50 in April, indicating that external headwinds persist
- The SNB is expected to leave policy unchanged amid benign inflation, slowing growth, and high geopolitical risk

GDP surprised on the upside in Q1, with growth at 0.6% QoQ, up from 0.2% in Q4. Strength was broad based, with modest consumption and exports growth while investment rebounded sharply. There was also a large drag from a drawdown in inventories in Q4, which largely unwound in Q1, suggesting that the inventory adjustment that amplified the slowdown in 2018 H2 has now waned. Looking through this volatility, underlying growth is likely to moderate going forward, in line with the slowdown in global growth. The latest data support this view, as the manufacturing PMI dipped below 50 in April, which is consistent with contraction, while the KOF leading indicator is well below its long-run average.

## Japan

- Growth surprised to the upside in Q1, but was less impressive after digging deeper into the statistical releases
- Nonetheless, indicators suggest a slow improvement in the economy in Q2
- Japanese equities have stabilised and significantly outperformed Chinese equities

Economic growth surprised to the upside in Q1, but we would argue that the quality of growth was disappointing, with both private consumption and private investment falling. There are some glimmers of hope, however, as the Reuters Tankan for May was encouraging, showing the first rise of the manufacturing index in seven months, while the non-manufacturing index was up for the third month in a row. This is in line with an upward trend in production plans and machinery orders. The labour market seems to have stopped improving, as indicated by the respective component in the latest PMI. A strong yen is the Achilles heel for Japanese equities, which we believe will stabilise versus the world once we see an end to yen appreciation.

## China

- China's economy is on a roller coaster ride
- Stronger aggregate financing should help to stabilise growth into the second half of this year
- Chinese equities suffered significantly in May following the intensified trade dispute with the US

The ups and downs in China's economic statistics are still related to the difficulty in handling statistical distortions due to the different timing of Lunar New Year, as well as the shift in orders before the tax cuts implemented in April. A review suggests that the monetary impulse from stronger aggregate financing in the first four months of this year should help to stabilise growth in the second half. We believe infrastructure investments will pick up steam again to counter the negative impact from the intensifying trade and technology transfer dispute with the US. Chinese equities have suffered on all fronts, with both domestic 'A'-shares, Hong Kong listed 'H'-shares and US listed Chinese internet stocks tumbling. We believe the CNY will not break above the 7.00 mark versus the USD.

## Australia

- The Liberal-National coalition under PM Morrison has won the federal elections
- We expect the RBA to finally shift from a neutral to a dovish stance and to cut policy rates soon
- Australian equities have surged to a 12-year high

After lagging the Labor Party in polls for weeks, PM Scott Morrison's Liberal-National centre-right coalition surprisingly won Australia's federal election for a third term. Strong job creation and fiscal strength may have been reasons why voters favoured the incumbent. We expect the RBA to cut policy rates soon, as the election is now out of the way and as wages are only rising at a modest pace. Inflation in the first four months of the year has been weaker than expected, and expectations have decreased in line. While the job market remains strong, the housing sector is still vulnerable, with house prices and building permits continuing to fall, although the downtrend should start to moderate. We expect both the ASX200 and the MSCI Australia to experience a pullback.

Valuation snapshot (MSCI Indices)

Current trailing valuations

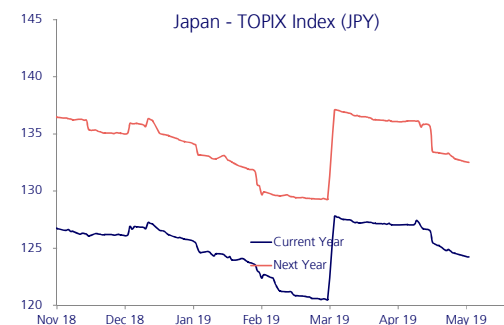
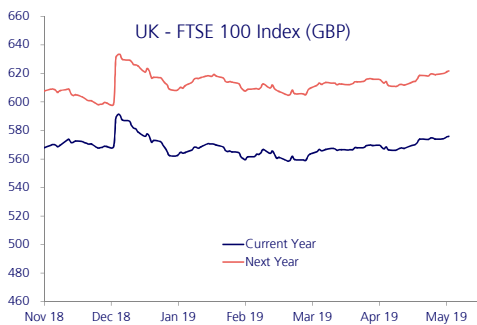
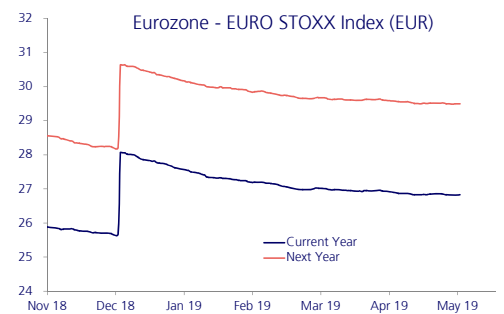
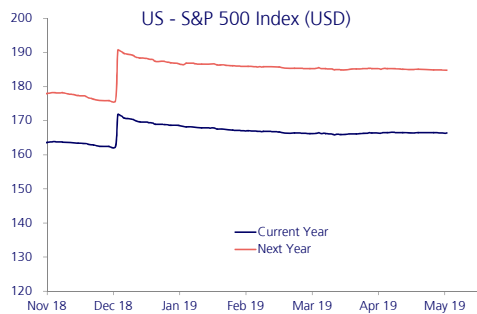
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.96	16.57	13.75	20.11	13.04	14.42	14.30	14.40	16.02
12m Trailing P/B	3.48	1.86	1.69	2.80	1.28	1.67	1.77	2.03	2.06
12m Trailing P/CF	12.77	9.43	8.70	11.87	7.70	8.98	6.85	8.90	7.83
Dividend Yield	1.92	3.29	4.58	3.10	2.39	2.80	2.01	3.60	2.79
ROE	16.60	11.21	12.28	13.93	9.85	11.56	12.37	14.11	12.85

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	0.78	1.14	0.74	0.82	0.81	0.82	0.91
12m Trailing P/B	1.49	0.80	0.72	1.20	0.55	0.71	0.76	0.87	0.88
12m Trailing P/CF	1.19	0.88	0.81	1.11	0.72	0.84	0.64	0.83	0.73
Dividend Yield	0.78	1.33	1.85	1.26	0.97	1.13	0.81	1.46	1.13
ROE	1.25	0.85	0.93	1.05	0.74	0.87	0.93	1.07	0.97

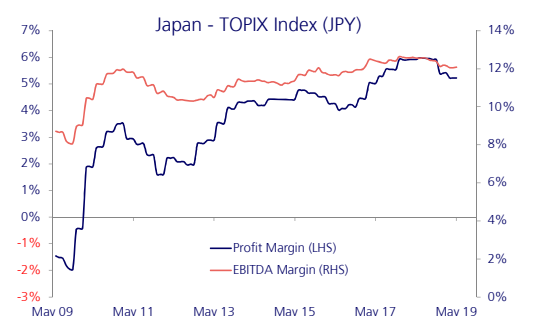
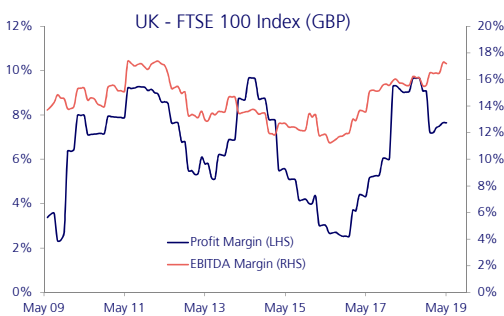
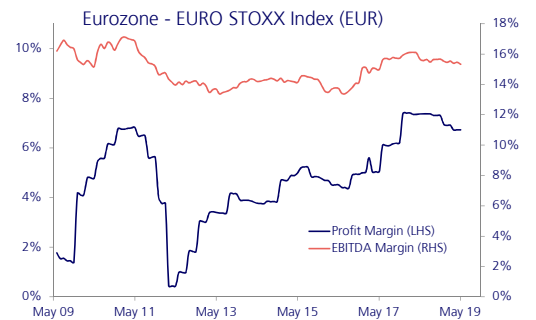
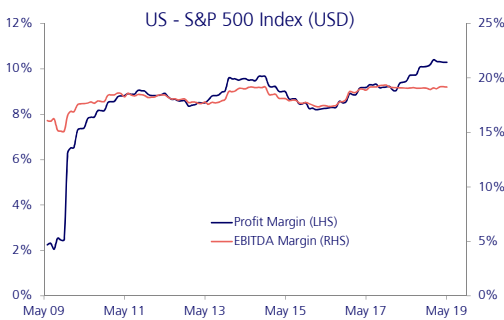
Source: Datastream

Earnings estimates - Full fiscal years



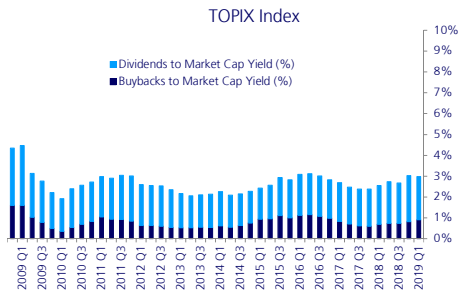
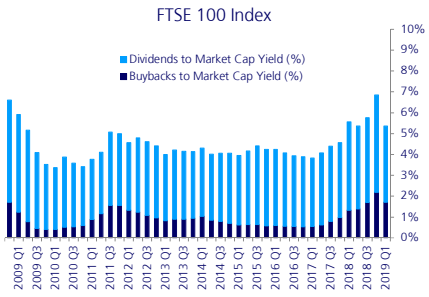
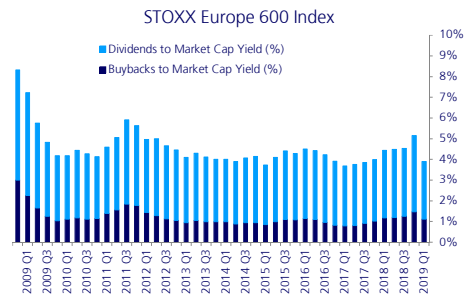
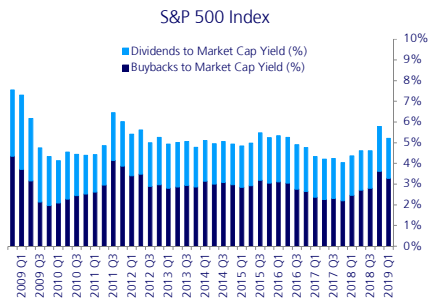
Historical margins

Source: Bloomberg



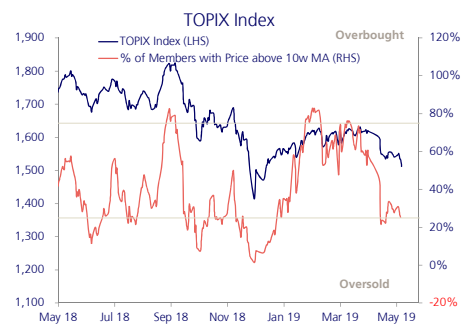
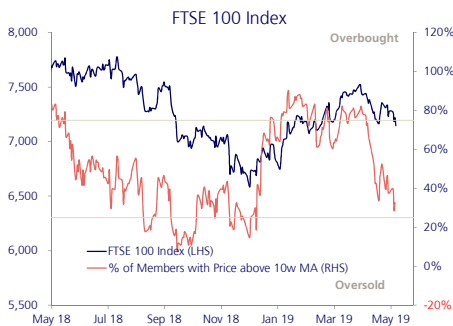
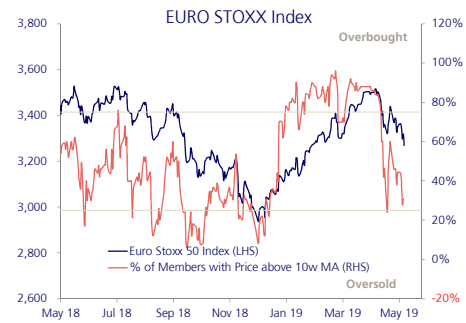
Source: Bloomberg

Dividends and shares buybacks



Source: Bloomberg

Overbought / Oversold



Source: Bloomberg

### Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

### Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	May-19	1m ago	3m ago	1yr ago
UK	-130	-132	-146	-163
Germany	-237	-249	-257	-252
Switzerland	-264	-280	-298	-292
Japan	-227	-254	-276	-282
Australia	-72	-71	-60	-19
China	112	90	45	78
South Korea	-51	-66	-77	-16
Malaysia	162	129	115	134
Indonesia	579	533	510	413
Thailand	19		-24	-26
Philippines	189	n/a	n/a	n/a
Brazil	625	648	n/a	n/a
Mexico	587	560	540	495
Colombia	449	434	415	376
Peru	286	265	274	279

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	May-19	1m ago	3m ago	1yr ago
France	42	36	40	33
Netherlands	20	18	10	19
Belgium	50	44	52	40
Austria	32	30	35	32
Ireland	63	54	65	61
Italy	287	254	255	245
Spain	92	99	101	116
Portugal	101	110	131	164

Source: Bloomberg, ZIG

## Economic data

<b>US</b>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Trend*
ISM Manufacturing (Index)	57.9	58.7	60.0	58.4	60.8	59.5	57.5	58.8	54.3	56.6	54.2	55.3	52.8	down
ISM Non-Manufacturing (Index)	57.2	58.9	58.7	56.7	58.8	60.8	60.0	60.4	58.0	56.7	59.7	56.1	55.5	down
Durable Goods (% MoM)	-1.3	0.8	-0.1	-0.9	4.2	1.5	-4.4	0.6	1.1	0.5	-2.6	1.7	-2.1	down
Consumer Confidence (Index)	125.6	128.8	127.1	127.9	134.7	135.3	137.9	136.4	126.6	121.7	131.4	124.2	129.2	up
Retail Sales (% MoM)	4.8	6.4	6.1	6.6	6.4	4.0	4.6	4.0	1.6	2.9	2.1	3.8	3.1	up
Unemployment Rate (%)	3.9	3.8	4.0	3.9	3.8	3.7	3.8	3.7	3.9	4.0	3.8	3.8	3.6	down
Avg Hourly Earnings YoY (% YoY)	2.8	2.9	2.9	2.9	3.1	3.0	3.2	3.4	3.5	3.4	3.4	3.3	3.4	down
Change in Payrolls ('000, MoM)	196.0	270.0	262.0	178.0	282.0	108.0	277.0	196.0	227.0	312.0	56.0	189.0	263.0	down
PCE (% YoY)	1.9	2.0	2.0	2.0	1.9	2.0	1.8	1.9	2.0	1.8	1.6	1.5	1.6	down
GDP (% QoQ, Annualized)			4.2			3.4			2.2			3.1		up
<b>UK</b>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Trend*
PMI Services (Index)	52.8	54.0	55.1	53.5	54.3	53.9	52.2	50.4	51.2	50.1	51.3	48.9	50.4	down
Consumer Confidence (Index)	-9.0	-7.0	-9.0	-10.0	-7.0	-9.0	-10.0	-13.0	-14.0	-14.0	-13.0	-13.0	-13.0	up
Unemployment Rate (%)	4.2	4.2	4.0	4.0	4.0	4.1	4.1	4.0	4.0	3.9	3.9	3.8		down
CPI (% YoY)	2.4	2.4	2.4	2.5	2.7	2.4	2.4	2.3	2.1	1.8	1.9	1.9	2.1	down
GDP (% YoY)			1.4			1.6			1.4			1.8		up
<b>Eurozone</b>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Trend*
PMI Manufacturing (Index)	56.2	55.5	54.9	55.1	54.6	53.2	52.0	51.8	51.4	50.5	49.3	47.5	47.9	down
PMI Services (Index)	54.7	53.8	55.2	54.2	54.4	54.7	53.7	53.4	51.2	51.2	52.8	53.3	52.8	up
IFO Business Climate (Index)	102.2	102.6	102.5	102.2	104.1	103.9	102.8	102.3	101.2	99.6	98.8	99.7	99.2	down
Industrial Production (% MoM)	-0.5	1.3	-0.6	-0.8	1.3	-0.6	-0.1	-1.3	-0.9	2.0	-0.1	-0.3		up
Factory Orders GE (% MoM)	-0.6	1.5	-2.6	-0.8	1.5	0.1	0.1	-0.7	1.0	-2.1	-4.0	0.6		down
Unemployment Rate (%)	8.4	8.2	8.2	8.1	8.0	8.0	8.0	7.9	7.9	7.8	7.8	7.7		down
M3 Growth (% YoY, 3 months MA)	3.8	4.0	4.3	4.0	3.5	3.6	3.8	3.7	4.1	3.7	4.2	4.6	4.7	up
CPI (% YoY)	1.2	2.0	2.0	2.2	2.1	2.1	2.3	1.9	1.5	1.4	1.5	1.4	1.7	down
Core CPI (% YoY)	0.7	1.2	1.0	1.1	1.0	1.0	1.2	0.9	0.9	1.1	1.0	0.8	1.3	up
GDP (% QoQ)			0.4			0.1			0.2			0.4		up
<b>Switzerland</b>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Trend*
KOF Leading Indicator (Index)	103.1	99.9	100.2	101.7	98.9	102.4	100.2	98.9	96.3	96.2	93.1	97.2	96.2	down
PMI Manufacturing (Index)	62.8	62.8	61.8	61.7	64.6	59.9	57.8	57.7	57.5	54.3	55.4	50.3	48.5	down
Real Retail Sales (% YoY)	2.9	0.2	0.2	-0.2	1.0	-2.8	1.4	-0.4	-0.5	-0.4	-0.3	-0.7	-0.7	down
Trade Balance (Billion, CHF)	2.1	2.9	2.6	2.3	2.2	2.3	3.5	4.7	2.0	3.0	2.9	3.2	2.3	down
CPI (% YoY)	0.8	1.1	1.2	1.2	1.2	1.0	1.2	0.9	0.7	0.6	0.6	0.7	0.7	down
<b>Japan</b>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Trend*
Nomura Manufacturing PMI (Index)	53.8	52.8	53.0	52.3	52.5	52.5	52.9	52.2	52.6	50.3	48.9	49.2	50.2	down
Machine Orders (% YoY)	9.6	16.5	0.3	13.9	12.6	-7.0	4.5	0.8	0.9	-2.9	-5.5	-0.7		down
Industrial Production (% YoY)	1.9	3.5	-1.5	2.4	0.6	-2.5	4.2	1.9	-2.0	0.7	-1.1	-4.3	-1.1	down
ECO Watchers Survey (Index)	50.9	47.7	48.2	47.5	48.1	47.3	47.7	49.0	48.2	44.8	46.7	46.7	47.0	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	neutral
Labour Cash Earnings (% YoY)	0.2	1.4	2.8	1.4	0.6	0.7	1.1	1.7	1.5	-0.6	-0.7	-1.3		down
Department Store Sales (% YoY)	0.7	-0.2	3.1	-6.1	-0.2	-3.0	1.6	-0.6	-0.7	-2.9	0.4	0.1	-1.1	up
Money Supply M2 (% YoY)	3.2	3.2	3.1	2.9	2.9	2.8	2.7	2.3	2.4	2.3	2.4	2.4	2.6	up
CPI Ex Food & Energy (% YoY)	0.1	0.1	0.0	0.0	0.2	0.1	0.2	0.1	0.1	0.3	0.3	0.3	0.5	up
Exports (% YoY)	7.8	8.1	6.7	3.9	6.5	-1.4	8.2	0.1	-3.9	-8.4	-1.2	-2.4	-2.4	up
<b>China</b>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Trend*
PMI Manufacturing (Index)	51.4	51.9	51.5	51.2	51.3	50.8	50.2	50.0	49.4	49.5	49.2	50.5	50.1	up
Industrial Production (% YoY)	7.0	6.8	6.0	6.0	6.1	5.8	5.9	5.4	5.7			8.5	5.4	up
Retail Sales (% YoY)	9.4	8.5	9.0	8.8	9.0	9.2	8.6	8.1	8.2			8.7	7.2	down
PPI (% YoY)	3.4	4.1	4.7	4.6	4.1	3.6	3.3	2.7	0.9	0.1	0.1	0.4	0.9	down
Exports (% YoY)	11.9	11.9	10.7	11.6	9.6	13.9	14.3	3.9	-4.4	9.3	-20.7	13.8	-2.7	down
CPI (% YoY)	1.8	1.8	1.9	2.1	2.3	2.5	2.5	2.2	1.9	1.7	1.5	2.3	2.5	up
RRR (%)	16.0	16.0	16.0	15.5	15.5	15.5	14.5	14.5	14.5	13.5	13.5	13.5	13.5	down
GDP (% YoY)			6.7			6.5			6.4			6.4		neutral
PMI Non Manufacturing (Index)	51.4	51.9	51.5	51.2	51.3	50.8	50.2	50.0	49.4	49.5	49.2	50.5	50.1	up
Aggregate Financing (Billions, CNY)	1587.3	766.5	1184.9	1009.4	1442.8	1180.2	592.8	1363.7	1151.5					down

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m

## Appendix 5

### Economic data

<b>Australia</b>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Trend*
AiG Manufacturing (Index)	58.6	56.8	55.6	52.5	55.9	57.1	54.7	50.8	50.0	52.5	54.0	51.0	54.8	up
AiG Service (Index)	55.2	59.0	63.0	53.6	52.2	52.5	51.1	55.1	52.1	44.3	44.5	44.8	46.5	down
Westpac Consumer Confidence (% MoM)	-0.6	-0.6	0.3	3.9	-2.3	-3.0	1.0	2.8	0.1	-4.7	4.3	-4.8	1.9	up
Building Approvals (% YoY)	2.7	5.2	1.7	-4.1	-14.0	-12.2	-13.4	-33.7	-21.7	-27.6	-12.1	-25.4	-24.2	up
Employment Change ('000, MoM)	10.5	16.3	60.9	-0.9	44.5	10.4	29.0	40.6	19.0	35.9	11.2	27.7	28.4	down

<b>Brazil</b>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Trend*
CPI (% YoY)	2.8	2.9	4.4	4.5	4.2	4.5	4.6	4.1	3.8	3.8	3.9	4.6	4.9	up
Industrial Production (% YoY)	1.0	9.2	-6.3	3.2	4.2	1.7	-2.2	0.8	-1.1	-3.6	-2.2	2.1	-6.1	down
Retail Sales (% YoY)	8.0	0.6	2.7	1.4	-1.0	4.0	0.1	1.9	4.5	0.6	1.9	4.0	-4.5	down
Trade Balance (Millions, USD)	6142.0	5981.0	5882.0	4227.0	3775.0	4971.0	6121.0	4062.0	6639.0	2192.0	3673.0	4990.0	6061.0	up
Budget Balance Primary (Billions, BRL)	-57.6	-26.8	-47.9	-57.9	-29.2	-76.9	-39.2	-6.1	-50.6	-68.0	26.0	-45.0	-62.2	up

<b>Chile</b>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Trend*
IMACEC Economic Activity Index (% YoY)	6.51	4.75	4.50	2.96	2.70	2.07	4.36	3.33	3.12	2.13	1.37	1.87		down
CPI (% YoY)	1.90	2.00	2.50	2.70	2.60	3.10	2.90	2.80	2.60	2.20	2.20	2.50	2.40	down
Retail Sales (% YoY)	7.29	3.45	7.17	0.25	5.47	1.72	8.02	-0.12	1.57	0.02	0.05	0.72		down
Industrial Production (% YoY)	7.57	3.66	5.08	-1.65	-1.77	-3.15	2.00	0.36	1.60	-0.90	-3.55	-0.80	0.70	down
Unemployment (%)	6.70	7.00	7.20	7.30	7.30	7.10	7.10	6.80	6.70	6.80	6.70	6.90	6.90	up

<b>Mexico</b>	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Trend*
PMI (Index)	51.2	51.0	52.0	50.1	51.3	50.9	50.0	49.8	49.1	50.0	54.0	51.2	52.0	up
CPI (% YoY)	4.6	4.5	4.7	4.8	4.9	5.0	4.9	4.7	4.8	4.4	3.9	4.0	4.4	down
Retail Sales (% YoY)	3.3	2.5	3.7	4.2	3.9	4.1	3.0	3.4	-1.3	0.9	1.8	1.6		down
Industrial Production (% YoY)	5.2	2.7	2.2	2.4	2.2	2.3	2.5	1.6	0.2	1.3	0.8	2.8		up
Remittances (Millions, USD)	2760.9	3155.9	3140.7	2857.5	2883.3	2718.9	2944.0	2893.2	2929.1	2414.9	2387.4	2896.8		down

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



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Investment Management  
Mythenquai 2  
8002 Zurich

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