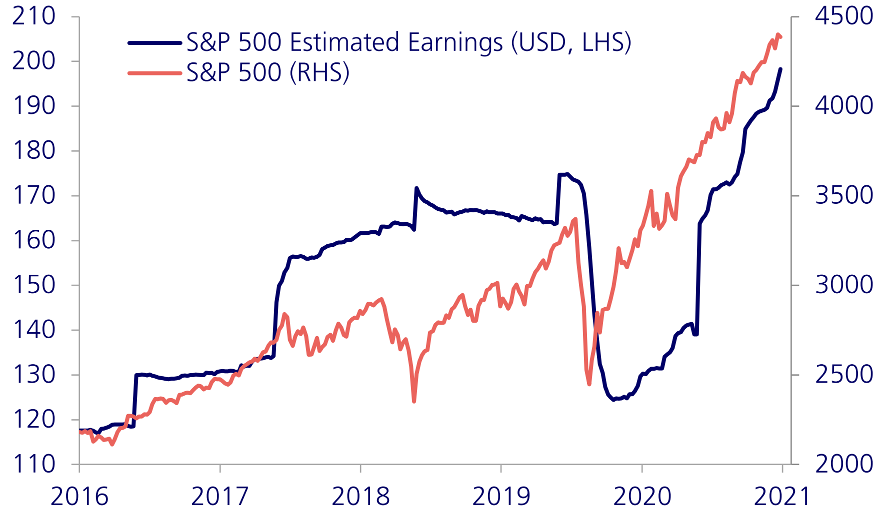
August 3, 2021

Monthly Investment Insights

Stock markets are boosted by rising corporate earnings



Source: Bloomberg

With a lag of more than a year, the National Bureau of Economic Research (NBER) has now officially pinpointed April 2020 as the end of the recession in the US, meaning that this was the shortest recession on record, lasting only two months. Interestingly, the short but severe recession ended the longest expansion on record that began in the aftermath of the financial crisis and lasted more than ten years. Clearly, the sharp rebound would not have been possible without the biggest fiscal stimulus since the end of the Second World War. While economic growth is likely to have peaked for this cycle, the expansion is expected to continue at a brisk pace fuelled by large piles of consumer savings being spent and firms ramping up their capital expenditures.

Earnings estimates for the current year are still catching up with reality as analysts have not yet fully taken into account the massive economic rebound in the US and the significant boost it provides to companies' profit margins and bottom lines. Earnings estimates for 2021 for the S&P 500 are now 21% higher than they were at the beginning of the year, implying earnings growth for the full year of more than 60%, following the 18% dip caused by the recession in 2020. Rising earnings estimates help to support rich valuations, though part of this year's stronger outlook comes at the price of lower growth in the future. Expected earnings growth for next year has fallen from 17% at the beginning of the year to slightly less than 10% currently.

With the earnings season still ongoing the beat/miss-ratio is again likely to be above the historical average, although the average earnings surprise so far is both lower than in Q1 2021 as well as in Q2 last year. The market reaction has been relatively muted so far as investors are focusing on the outlook rather than realised earnings. Potential headwinds include a global resurgence in new Covid cases, persistent price pressures and the Fed tightening too early and thus choking off longer-term growth. Growth worries explain at least part of the recent drop in bond yields, which seems overdone given the strong economic outlook. Despite US GDP growing significantly above its potential and core inflation rates accelerating to the highest in almost three decades, longer term yields came under pressure with real yields on 10yr Treasuries even hitting an all-time low of -1.18%. Supported by a generous central bank and rising profits, equities thus still provide an attractive alternative for investors.

Market Assessment

Key developments

- Global growth has peaked but activity is expected to remain buoyant
- Inflation surprises to the upside in many regions, particularly in the US, largely reflecting sizable but transitory factors
- Bond yields slump with the notable fall in Treasuries amplified by tight demand/supply dynamics

Zurich's view

Economic growth has peaked in many regions, but business activity is expected to keep expanding at a brisk pace in the coming months providing solid support for corporate earnings.

Accelerating inflation rates, particularly in the US, as well as a potential resurgence in new Covid cases globally could provide some headwinds in the second half of the year. So far, however, equity investors are willing to look through these potential risks and keep buying stock market dips, making any setbacks relatively short-lived. Supported by a strong earnings outlook and continuing generous monetary policy, equities still present an attractive alternative to other asset classes.

Bond yields have slipped despite a solid growth outlook and rising inflation rates, likely reflecting longer-term growth worries, technical factors and the risk of the Fed tightening policy to quickly as it has often done in the past. While keeping an eye on these potential risks, we still believe that the recent decline in bond yields is overdone and should prove to be short-lived.

Credit markets are likely to remain supported, but return potential is limited versus equities.

	Key developments	Zurich's view
Global	• Growth seems to be moderating, but from a high pace, and central bank policies in developed markets remain very supportive • Rolling flare-ups in the Delta variant are a risk to the service sector in individual countries, but should not be too disruptive at a global level • Inflation remains on an upward track driven by higher commodity prices and supply-chain bottlenecks, but most of these factors should be transitory	While there are some signs that global growth is moderating, activity levels remain strong and the moderation in growth is from a high level. In the manufacturing sector, supply-chain constraints are weighing on activity in some sectors, but overall, the recovery in global trade and manufacturing remains robust. The service sector is expanding, with business sentiment surveys strong especially in Europe. Services are vulnerable to Delta variant virus flare-ups, which is already impacting some ASEAN countries, but at a global level this is unlikely to derail activity. Developed market (DM) central banks remain committed to keeping policy extremely accommodative, which should help support risks assets globally. Fiscal policy in DMs is also expansionary and supportive for growth globally.
US	• Economic growth has peaked, but activity keeps expanding rapidly • Labour market bottlenecks start to ease as job gains have accelerated • Inflation rates have risen further, increasingly weighing on consumer sentiment	Fuelled by a strong economic environment, a solid earnings outlook, and a continuously generous monetary policy, the S&P 500 keeps rising and reached a new record high in July. Though growth has peaked, as shown by both the ISM Manufacturing and Services indices receding from their recent levels, economic activity keeps expanding at a very solid pace. Labour market bottlenecks are beginning to ease, and job gains have picked up. Small businesses are signalling an increased willingness to hire and raise workers' compensation. Inflation has accelerated further and although most of the recent pickup is expected to be transitory, rising prices are increasingly weighing on consumer sentiment, potentially providing some headwinds to consumer spending in the second half of the year.
UK	• Economic momentum is slowing from very high levels but keeps a brisk pace • Solid job gains and wage growth help to lift consumer confidence • Headline inflation accelerates to 2.5% YoY, the highest level since 2018	Business activity growth slowed from very high levels in July, but the economy keeps expanding at a brisk pace. The slowdown was visible both in the manufacturing and the service sector. While employment growth slowed somewhat as companies struggled to fill vacancies, the latest labour market report still shows substantial job gains in June. Rising input costs remain a worry for many firms though a major part of recent price increases is expected to be transitory. Inflation rates accelerated further in June with headline CPI reaching 2.5% YoY, up from 2.1% in May. Core inflation rose to a slightly more modest 2.3% YoY, up from 2.0% the month before. With the reflation trade struggling and yields under pressure the FTSE 100 felt more headwinds recently than other markets, particularly the US.
Eurozone	• The ECB announces the conclusion of its strategic review of monetary policy, adopting a symmetric 2% inflation target and committing to keep interest rates low for even longer • The European Commission unveils its ambitious 'Fit for 55' environmental plans to reduce greenhouse gas emissions • Business confidence remains at multi-year highs despite the spread of the Delta variant	The main outcomes of the ECB's review of monetary policy were the adoption of a symmetric inflation target of 2% and a commitment to be aggressive when inflation is too low. The ECB also said that it would not increase interest rates until it expected inflation to reach its 2% target within 18 months and stay durably at that level. This seems unlikely anytime soon suggesting that policy rates will be on hold for the foreseeable future. Meanwhile, the European Commission gave more details on its plans to reduce greenhouse gas emissions. These could transform economic activity, for example by phasing out diesel and petrol cars. Finally, many business sentiment surveys remain at multi-year highs suggesting that the economic rebound will be strong, despite the fast-spreading Delta variant.
Japan	• Fatalities remain relatively low in the third wave of Covid infections this year • The service sector is taking another hit following Tokyo's renewed state-of-emergency • Japanese equities are trading rangebound	Another wave of Covid infections is taking its toll on consumer activity, but we note that the death toll keeps falling as the share of vaccinated elderly is rising. Japan's strong medal count at the Tokyo Olympics may help to lift overall sentiment. Manufacturing and export related industries are in good shape, even though supply chain issues still prevail. A new fiscal package should underpin economic activity this summer, which should help PM Suga to withstand currently low public support rates as general elections are looming. Japanese equities are trading in a narrow range, but have slightly underperformed global equities recently, while the USDJPY is hovering around 100. Our economic and market outlook for the second half of the year remains more optimistic than consensus.

	Key developments	Zurich's view
China	• The number of high- and medium-risk areas affected by new Covid cases has increased • Economic conditions improved in Q2 and should remain resilient in H2 • Chinese equities have suffered amid the government's crackdown on new economy companies	China's economy has picked up this summer despite the flare up of new Covid cases in several Southern provinces. Though these cases remain negligible on a per capita basis, mobility restrictions are having a negative impact on consumer activity. Export dependent manufacturing industries keep doing well, but we believe the boom in electronics and furniture related demand in Western countries is starting to level out. The crackdown of China's authorities on new economy related companies has expanded from internet companies to passenger transport platforms and tutorial education companies with foreign listings. Chinese equities have suffered accordingly. The government's focus on data security, breaking up monopolistic structures and the wellbeing of its citizens has increased.
Australia	• New Covid cases rise in Sydney, leading to lockdown extensions • Some economic data start to show the impact of lockdowns, notably in the services sector • Equity markets remain unaffected by negative Covid news, while bond yields drift lower	Australia was one of a few success stories last year, thanks to its ability to contain the pandemic swiftly. However, low vaccination rates have left the country somewhat unprotected from the virulent Delta variant. Sydney has entered another four-week lockdown until the end of August. The Flash PMI Services declined sharply from 56.8 to 44.2 in July, while the impact on the manufacturing sector was limited. The government has announced the Covid payments of AUD 750 per week to affected workers. The RBA plans to taper its QE program in September from AUD 5bn to 4bn per week. However, we think the central bank will keep the door open, depending on how the new wave of Covid develops. Meanwhile, Australian stock markets continue to advance, though at a slow pace.
ASEAN	• ASEAN is battling with the largest wave of Covid since the start of the pandemic • Lockdowns slow activity significantly • Equity markets wobble as negative Covid news weighs on investor sentiment	Most countries are struggling to bring down the number of new cases. The spread of the Delta variant has not slowed substantially despite month- and week-long lockdowns in Malaysia and Vietnam. Malaysia still reports around 15k per day. Ho Chi Minh City became a Covid epicentre in Vietnam, with thousands of cases registered per day. In Indonesia, the number of daily new cases is more than 40k, almost four times higher than the previous peak. Vaccination rates in ASEAN are still low, with only noticeable progress in Singapore and Malaysia. The PMI Manufacturing indices fell sharply in countries with draconian lockdowns, such as Malaysia and Vietnam. With that, we expect Q3 output to drop noticeably. We suspect ASEAN equity markets will continue to experience volatility before stabilising.
LatAm	• The equity market in Mexico continues to outperform, while in Chile the IPSA is negative for a fourth consecutive month • The central bank of Chile has begun monetary policy normalisation, signalling a gradual tightening, while Brazil will tighten to reach the neutral rate • After a sharp deceleration in the number of new Covid cases in Argentina, Chile, and Brazil, the latter has seen an acceleration in recent days	The MSCI LatAm fell in July but continues to outperform emerging markets. The increase in fiscal and political uncertainty and concerns regarding the sustainability of the commodity rally may explain the negative performance of Brazil and Chile, which was partially offset by a strong performance in Mexico, driven by solid earnings results. Investment grade and high yield corporate credit spreads increased slightly despite high volatility in the global fixed income market but are below levels from the beginning of the year. Growth expectations for this year continue to improve, with monthly economic activity indicators in Chile and Brazil recovering to their pre-pandemic levels. The economic recovery, supply constraints, and energy prices continue to feed inflation, which we expect to decelerate in Q3.

Valuation snapshot (MSCI Indices)

Current trailing valuations

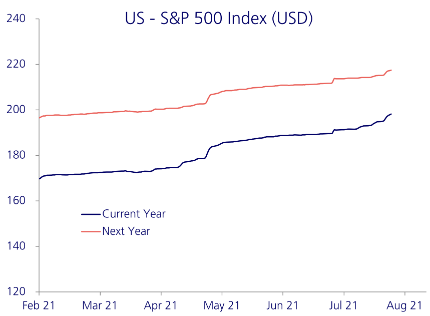
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	29.70	24.64	23.60	22.00	21.02	21.77	18.74	11.78	16.50
12m Trailing P/B	4.83	2.21	1.83	3.54	1.50	2.16	2.28	2.35	2.15
12m Trailing P/CF	21.35	8.38	5.11	12.11	10.31	10.94	9.30	5.25	7.01
Dividend Yield	1.33	2.11	3.20	2.51	1.97	1.86	1.36	3.10	2.35
ROE	16.24	8.99	7.76	16.07	7.14	9.91	0.00	19.96	13.01

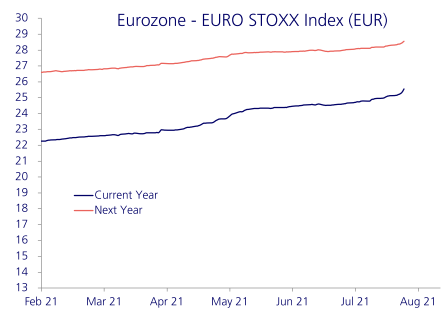
Current trailing valuations relative to MSCI world

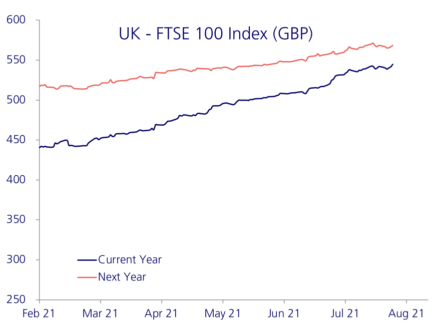
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.15	0.95	0.91	0.85	0.81	0.84	0.73	0.46	0.64
12m Trailing P/B	1.59	0.73	0.60	1.16	0.49	0.71	0.75	0.77	0.71
12m Trailing P/CF	1.70	0.67	0.41	0.96	0.82	0.87	0.74	0.42	0.56
Dividend Yield	0.79	1.26	1.91	1.49	1.17	1.11	0.81	1.85	1.40
ROE	1.38	0.76	0.66	1.36	0.61	0.84	0.00	1.69	1.10

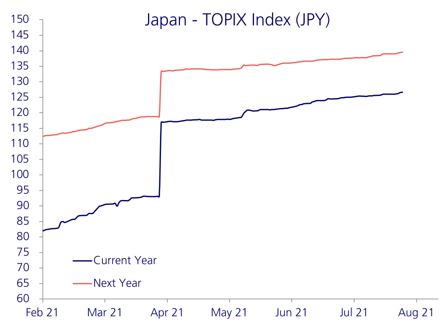
Source: Datastream

Earnings estimates - Full fiscal years



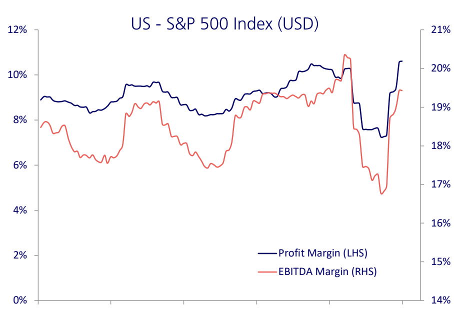


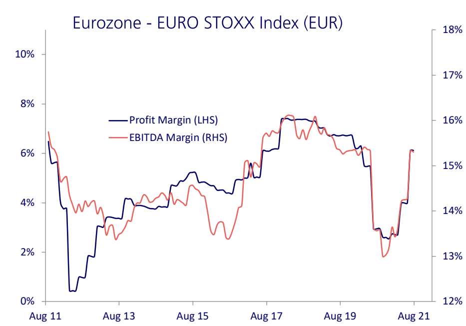


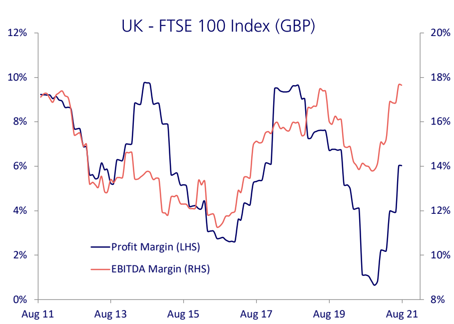


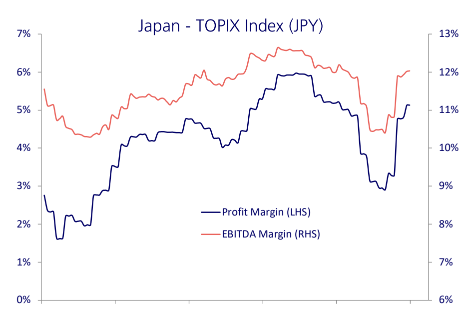
Source: Bloomberg

Historical margins



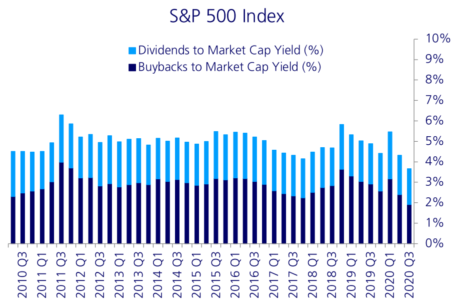


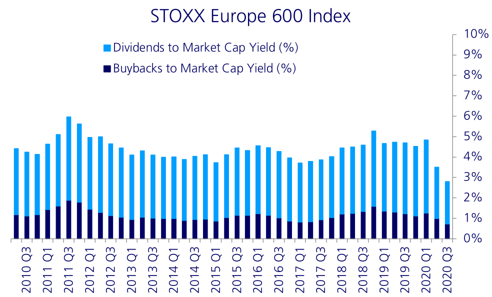


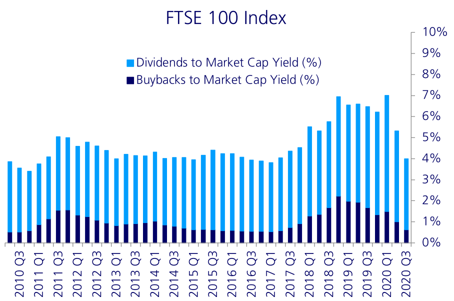


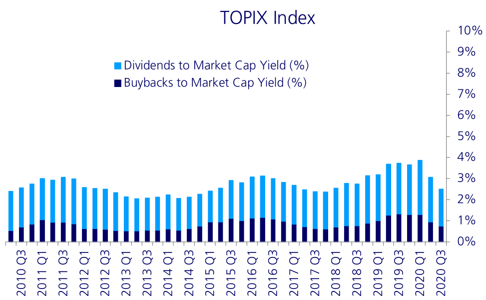
Source: Bloomberg

Dividends and shares buybacks



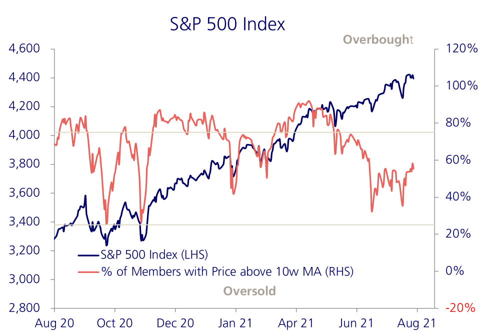


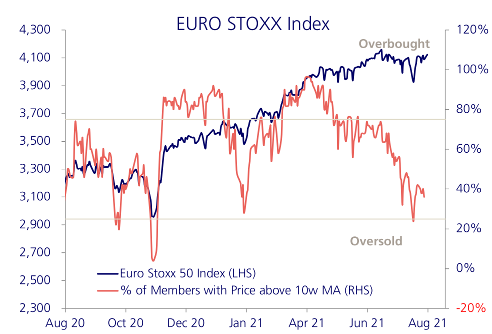


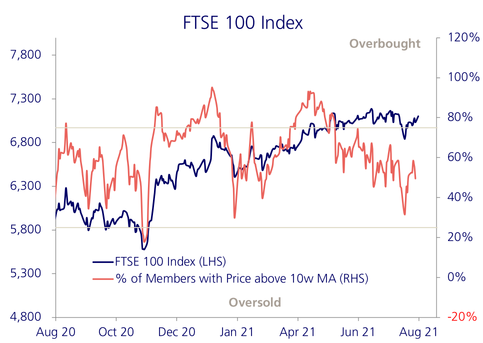


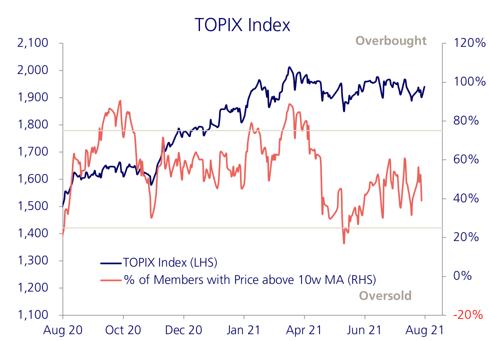
Source: Bloomberg

Overbought / Oversold



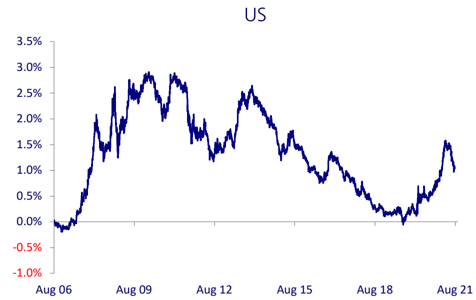


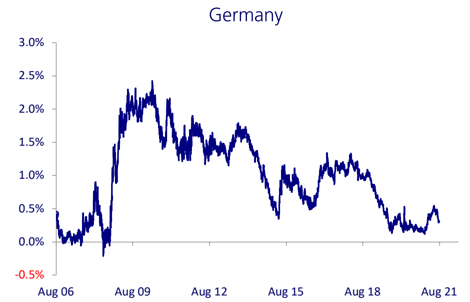


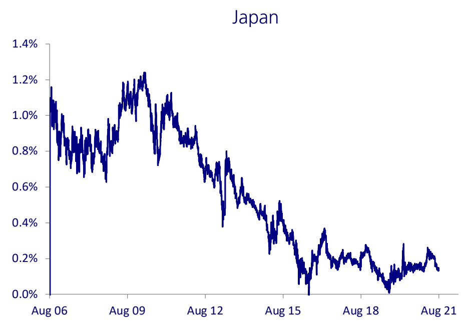


Source: Bloomberg

Yield Curve Steepness (2yr-10yr)







Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Aug-21	1m ago	3m ago	1yr ago
UK	-67	-72	-80	-42
Germany	-168	-166	-183	-105
Switzerland	-161	-166	-181	-107
Japan	-122	-138	-150	-51
Australia	-5	5	17	29
China	159	166	156	245
South Korea	63	68	54	77
Malaysia	194	182	153	203
Indonesia	505	516	486	630
Thailand	31		18	67
Philippines	283	n/a	n/a	n/a
Brazil	831	776	775	n/a
Mexico	565	562	533	520
Colombia	543	n/a	507	n/a
Peru	493	406	381	340

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Aug-21	1m ago	3m ago	1yr ago
France	35	33	36	33
Netherlands	13	11	15	14
Belgium	34	30	34	31
Austria	24	20	24	23
Ireland	39	37	40	n/a
Italy	106	101	110	154
Spain	71	61	67	86
Portugal	62	58	68	88

Source: Bloomberg, ZIG

Economic data

US	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Trend*
ISM Manufacturing (Index)	53.7	55.6	55.7	58.8	57.7	60.5	58.7	60.8	64.7	60.7	61.2	60.6		down
ISM Non-Manufacturing (Index)	56.6	57.2	57.2	56.2	56.8	57.7	58.7	55.3	63.7	62.7	64.0	60.1		up
Durable Goods (% MoM)	9.8	2.0	1.6	1.0	2.2	1.5	2.4	1.3	1.3	-0.7	3.2	0.8		down
Consumer Confidence (Index)	91.7	86.3	101.3	101.4	92.9	87.1	87.1	95.2	114.9	117.5	120.0	128.9	129.1	up
Retail Sales (% MoM)	2.9	3.2	6.0	5.6	3.8	2.3	9.4	6.5	29.7	53.4	27.6	18.0		up
Unemployment Rate (%)	10.2	8.4	7.8	6.9	6.7	6.7	6.3	6.2	6.0	6.1	5.8	5.9		down
Avg Hourly Earnings YoY (% YoY)	4.8	4.9	4.6	4.5	4.7	5.5	5.3	5.2	4.6	1.2	2.3	3.7		down
Change in Payrolls ('000, MoM)	1726.0	1583.0	716.0	680.0	264.0	-306.0	233.0	536.0	785.0	269.0	583.0	850.0		up
PCE (% YoY)	1.3	1.5	1.6	1.4	1.4	1.5	1.5	1.5	2.0	3.1	3.4	3.5		up
GDP (%, QoQ, Annualized)			33.8			4.5			6.3			6.5		up

UK	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Trend*
PMI Services (Index)	56.5	58.8	56.1	51.4	47.6	49.4	39.5	49.5	56.3	61.0	62.9	62.4	57.8	up
Consumer Confidence (Index)	-27.0	-27.0	-25.0	-31.0	-33.0	-26.0	-28.0	-23.0	-16.0	-15.0	-9.0	-9.0	-7.0	up
Unemployment Rate (%)	4.3	4.5	4.8	5.0	5.1	5.2	5.1	5.0	4.9	4.8	4.8			down
CPI (% YoY)	1.0	0.2	0.5	0.7	0.3	0.6	0.7	0.4	0.7	1.5	2.1	2.5		up
GDP (% YoY)			-8.5			-7.3			-6.1					

Eurozone	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Trend*
PMI Manufacturing (Index)	51.8	51.7	53.7	54.8	53.8	55.2	54.8	57.9	62.5	62.9	63.1	63.4	62.8	up
PMI Services (Index)	54.7	50.5	48.0	46.9	41.7	46.4	45.4	45.7	49.6	50.5	55.2	58.3	60.4	up
IFO Business Climate (Index)	89.6	92.0	92.8	92.5	91.2	92.6	90.6	92.8	96.7	96.7	99.3	101.7	100.8	up
Industrial Production (% MoM)	4.8	0.6	0.3	2.5	2.1	0.0	1.1	-1.3	0.5	0.6	-1.0			down
Factory Orders GE (% MoM)	5.0	4.5	2.0	3.5	2.8	-1.7	0.7	1.9	2.8	1.2	-3.7			down
Unemployment Rate (%)	8.4	8.6	8.5	8.3	8.1	8.1	8.2	8.2	8.1	8.1	8.0	7.7		down
M3 Growth (% YoY, 3 months MA)	10.1	9.5	10.4	10.5	11.0	12.4	12.5	12.3	10.1	9.2	8.5	8.3		down
CPI (% YoY)	0.4	-0.2	-0.3	-0.3	-0.3	-0.3	0.9	0.9	1.3	1.6	2.0	1.9	2.2	up
Core CPI (% YoY)	1.2	0.4	0.2	0.2	0.2	0.2	1.4	1.1	0.9	0.7	1.0	0.9	0.7	down
GDP (% QoQ)			12.4			-0.6			-0.3			2.0		up

Switzerland	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Trend*
KOF Leading Indicator (Index)	86.6	107.0	110.0	106.4	103.9	104.3	96.6	102.5	117.7	136.2	143.6	133.3	129.8	up
PMI Manufacturing (Index)	49.6	51.0	52.8	52.9	54.5	57.3	59.4	61.3	66.3	69.5	69.9	66.7	71.1	up
Real Retail Sales (% YoY)	4.2	4.5	2.4	5.5	2.8	5.6	-1.1	-7.0	23.3	38.7	2.8	0.1		up
Trade Balance (Billion, CHF)	3.3	3.5	3.0	3.9	4.5	2.8	5.0	3.7	5.7	3.7	4.8	5.5		down
CPI (% YoY)	-0.9	-0.9	-0.8	-0.6	-0.7	-0.8	-0.5	-0.5	-0.2	0.3	0.6	0.6	0.7	up

Japan	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Trend*
Nomura Manufacturing PMI (Index)	45.2	47.2	47.7	48.7	49.0	50.0	49.8	51.4	52.7	53.6	53.0	52.4	53.0	up
Machine Orders (% YoY)	-16.2	-15.2	-11.5	2.8	-11.3	11.8	1.5	-7.1	-2.0	6.5	12.2			up
Industrial Production (% YoY)	-15.9	-14.0	-9.1	-3.4	-4.1	-2.9	-5.3	-2.0	3.4	15.8	21.1	22.6		up
ECO Watchers Survey (Index)	41.3	43.3	48.7	53.6	46.1	36.5	30.1	40.7	49.5	39.4	36.4	45.4		up
Jobs to Applicants Ratio (Index)	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1		up
Labour Cash Earnings (% YoY)	-1.5	-1.3	-0.9	-0.7	-1.8	-3.0	-1.3	-0.4	0.6	1.4	1.9			up
Department Store Sales (% YoY)	-20.3	-22.0	-33.6	-1.7	-14.3	-13.7	-29.7	-10.7	21.8	167.0	65.2	-1.6		up
Money Supply M2 (% YoY)	7.9	8.6	9.0	9.0	9.1	9.1	9.4	9.6	9.4	9.2	7.9	5.9		down
CPI Ex Food & Energy (% YoY)	0.3	-0.4	-0.3	-0.4	-0.4	-0.5	0.2	0.3	0.4	-0.2	-0.3	-0.3		down
Exports (% YoY)	-19.2	-14.8	-4.9	-0.2	-4.2	2.0	6.4	-4.5	16.1	38.0	49.6	48.6		up

China	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Trend*
PMI Manufacturing (Index)	51.1	51.0	51.5	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	down
Industrial Production (% YoY)	4.8	5.6	6.9	6.9	7.0	7.3			14.1	9.8	8.8	8.3		up
Retail Sales (% YoY)	-1.1	0.5	3.3	4.3	5.0	4.6			34.2	17.7	12.4	12.1		up
PPI (% YoY)	-2.4	-2.0	-2.1	-2.1	-1.5	-0.4	0.3	1.7	4.4	6.8	9.0	8.8		up
Exports (% YoY)	6.8	9.1	9.4	10.9	20.6	18.1	24.7	154.7	30.5	32.2	27.8	32.2		down
CPI (% YoY)	2.7	2.4	1.7	0.5	-0.5	0.2	-0.3	-0.2	0.4	0.9	1.3	1.1		up
RRR (%)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.0	down
GDP (% YoY)			4.9			6.5			18.3			7.9		down
PMI Non Manufacturing (Index)	51.1	51.0	51.5	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Trend*
AiG Manufacturing (Index)	53.5	49.3	46.7	56.3	52.1	55.3	55.3	58.8	59.9	61.7	61.8	63.2	60.8	up
AiG Service (Index)	44.0	42.5	36.2	51.4	52.9	54.3	54.3	55.8	58.7	61.0	61.2	57.8		up
Westpac Consumer Confidence (% MoM)	-6.1	-9.5	18.0	11.9	2.5	4.1	-4.5	1.9	2.6	6.2	-4.8	-5.2	1.5	down
Building Approvals (% YoY)	8.6	3.9	10.0	21.4	19.8	20.2	22.8	22.3	51.0	42.4	52.7			down
Employment Change ('000, MoM)	103.4	147.8	-45.6	161.1	88.2	37.9	25.6	76.6	69.3	-30.7	115.2	29.1		down

Brazil	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Trend*
CPI (% YoY)	2.3	2.4	3.1	3.9	4.3	4.5	4.6	5.2	6.1	6.8	8.1	8.4		up
Industrial Production (% YoY)	-8.7	-2.7	-2.4	3.8	0.3	2.6	8.3	2.4	0.3	10.5	34.7	24.0		up
Retail Sales (% YoY)	0.5	5.5	6.2	7.3	8.4	3.6	1.3	-0.4	-3.9	2.2	23.7	16.0		up
Trade Balance (Millions, USD)	7601.2	5818.6	5083.4	4404.0	2488.3	2703.1	-204.6	1822.8	6410.4	9867.9	8584.0	10250.9		up
Budget Balance Primary (Billions, BRL)	-86.9	-121.9	-103.4	-30.9	-20.1	-75.8	17.9	-41.0	-44.5	30.0	-37.4	-75.6		down

Chile	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Trend*
IMACEC Economic Activity Index (% YoY)	-11.25	-10.90	-4.76	-0.92	0.98	-0.07	-2.93	-2.08	5.77	14.05	18.10			up
CPI (% YoY)	2.50	2.45	3.09	2.95	2.73	2.97	3.12	2.85	2.88	3.32	3.65	3.80		up
Retail Sales (% YoY)	3.36	10.41	19.79	24.80	9.67	5.87	3.67	23.46	43.26	72.06	65.56			up
Industrial Production (% YoY)	-3.38	-4.88	1.95	3.54	-0.42	-3.61	-2.40	-3.40	2.90	5.10	3.50	6.00		up
Unemployment (%)	13.10	12.90	12.30	11.60	10.80	10.30	10.20	10.30	10.40	10.20	10.00	9.50		down

Mexico	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Trend*
PMI (Index)	48.0	45.6	46.8	49.7	49.0	48.8	49.7	49.9	51.1	50.9	52.4	52.4		up
CPI (% YoY)	3.6	4.1	4.0	4.1	3.3	3.2	3.5	3.8	4.7	6.1	5.9	5.9		up
Retail Sales (% YoY)	-12.6	-10.8	-7.1	-7.1	-5.1	-5.9	-7.6	-6.3	2.5	30.1	29.7			up
Indutrial Production (% YoY)	-8.7	-9.3	-3.1	-1.3	-2.2	2.5	-3.4	-4.7	6.3	52.0	48.0			up
Remittances (Millions, USD)	3531.9	3574.2	3570.4	3601.7	3387.3	3646.2	3287.4	3170.7	4157.3	4048.3	4514.6			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Disclaimer and cautionary statement

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