ZURICH

Monthly Investment Insights

6 January 2023

The era of negative bond yields comes to an end

Source: Bloomberg

The year closed on a whimper, but in aggregate 2022 was a very poor year for financial markets, with most posting negative returns. Tightening financial conditions, high inflation, political uncertainty, and slowing global growth were some of the drivers that unsettled investors. The MSCI World Equity Index experienced the worst year since the Global Financial Crises, falling 18%. Safe haven government bonds also plunged as interest rates were rapidly hiked, while the stock of negative-yielding bonds collapsed from USD 11tn at the beginning of 2022 to almost zero by the end of the year. In regional terms, the US equity market plunged, with the S&P 500 falling 20%, while the Nasdaq dropped by over 30%. In Europe, the MSCI Germany lost all its gain for the last two years, returning to the pre-Covid level, while the MSCI UK was the lone bright spot amongst developed markets, posting a positive return. In China, the severe restrictions of the zero-Covid policy along with the challenging economic and property market situation affected the equity market, which fell 23% for a second consecutive year. Nevertheless, not everything was negative in the equity universe, and there were some stars in emerging markets. Chile, Brazil, and Indonesia showed positive returns, benefiting from higher commodity prices and better economic conditions.

A number of key central banks reduced the pace of tightening in December, but this was accompanied by more hawkish rhetoric. The Fed raised the policy rate 50bps as expected, signalling more rate hikes in 2023 and a higher terminal rate of 5.125%, while the ECB's guidance was unusually hawkish, announcing additional hiking. Nevertheless, as we pointed out in our Economic and Market Outlook 2023, we expect the end of the hiking cycle is approaching as global growth will likely enter in a recession and inflation is in a peaking process, with goods price inflation already declining sharply.

That noted, financial markets are not yet fully pricing in the negative impact of an economic contraction. Consequently, we anticipate the downward trend in global equity markets will remain in place until the recession has advanced, a true policy pivot emerges, and market levels become more attractive. Credit defaults and spreads will likely rise, particularly in the High Yield market, following recent strong performance, with the first quarter expected to be particularly challenging. We expect key central banks, and the Fed in particular, to start cutting rates once the recession hits, allowing a modest recovery in the economy and financial markets over time. Furthermore, the prospect of the Fed rate cut should weaken the USD, benefiting emerging markets during the year. We believe government bonds are the most attractive asset for the beginning of the year.

Market Assessment

Key developments

- The Fed and the ECB reduce the pace of tightening with hawkish guidance while the Bank of Japan modifies its yield curve control and JPY appreciates
- Government bond yields move higher while corporate credit outperforms other assets
- The Chinese government makes a U-turn in its Covid policy despite the recent spike in infection cases

Zurich's view

The downward trend in the global equity market remains in place, with stocks reaching support levels in the US. We acknowledge that the market could bounce, but new low levels during the year are expected. This structural downward trend will continue until central banks take a less hawkish stance and inflation converges to a more comfortable level.

Tightening financial conditions and slowing growth will affect corporates. Investment Grade credit in Europe is already pricing in a recession, but the US market still does not reflect the deterioration in fundamentals. High Yield bonds are particularly vulnerable, with their spreads still too low considering the economic outlook and the expected increase in default rates.

After reaching the highest level in a decade back in the autumn and bouncing last month, government bond yields remain attractive. We believe yields will resume their downward trend, but volatility will stay high. We expect policy rates to peak during H1 2023, followed by rate cuts in some regions, including the US. The turn in monetary policy should allow for a modest recovery in the economy and financial markets over time.

	Key developments	Zurich's view
Global	• Economic activity remains weak; depressed global trade, worsening services activity and falling new orders indicate further downside • Inflation is elevated, but price pressures in global supply chains ease further while energy prices retreat • Central banks remain hawkish with further rate hikes expected in early 2023	Global growth remained weak at the end of 2022 with both manufacturing and services in contraction. The Global Composite PMI was flat in December, but the forward-looking new orders components fell again and leading global trade data remain depressed with weak dynamics in Asian trade hubs. On a positive note, supply chain price pressures have eased further with falling energy prices and disinflationary goods prices. Central banks have nonetheless retained their hawkish stance given their focus on tight labour markets and sticky services inflation. While further tightening is expected in H1, the end of the hiking cycle is approaching. Global government bond yields are likely to have peaked with moderate further downside expected, though volatility will remain high.
US	• The ISM Manufacturing Index falls to 48.4 in December with weak new orders signalling further contraction • Headline inflation has slowed to 7.1% YoY in November from 7.7% in October • The Fed lifts the target rate by 0.5% to a range of 4.25% to 4.5%, slowing its pace of tightening	Business activity shows further weakness with the ISM Manufacturing Index falling to 48.4 while new orders dropped to 45.2, indicating further headwinds ahead. Meanwhile, headline inflation has fallen back substantially from its peak of 9.1% in June 2022, slowing to 7.1% YoY in December. Core CPI receded to 6.0% from 6.3%. Having aggressively tightened its policy over the course of 2022 the Fed has finally slowed its pace of rate hikes, lifting the target rate by 0.5% to a range of 4.25% to 4.5% in December. At the same time, the latest projection shows that the median member of the FOMC now expects the policy rate to rise to 5.125% by the end of this year, though we doubt the Fed will keep rates that high if the US economy falls into a recession as we expect.
UK	• Headline inflation slows to 10.7% YoY in November, from 11.1% the month before • The Bank of England lifts the Bank Rate by 0.5% to 3.5% with more hikes expected • The labour market remains tight despite a small uptick in the unemployment rate	While services are holding up slightly better than manufacturing, the economy is facing further headwinds with overall business activity remaining muted. Household income is still being squeezed by high inflation although consumer sentiment ticked up slightly in December, helped by receding inflation expectations. Headline CPI inflation fell more than consensus expected to 10.7% YoY in November from 11.1% the month before. Core inflation slowed to 6.3% YoY from 6.5%. Elevated inflation rates and a tight labour market keep the pressure on the BoE to tighten its policy. As expected, the Monetary Policy Committee lifted the Bank Rate by 0.5% to 3.5% at its meeting in December. Further rate hikes are expected, but the BoE's stance and tone are less hawkish than other central banks.
Eurozone	• The ECB raises interest rates by 50bps and says more 50bps hikes are to come • First hard data for Q4 show retail sales and industrial production both falling sharply in October • Headline inflation is peaking but core inflation is likely to be sticky	The ECB adopted an usually hawkish tone at its recent monetary policy meeting in December. As expected, the ECB raised interest rates by 50bps. It was the guidance on the future path of policy rates that was unusually hawkish. ECB President Christine Lagarde said that "…we should expect to raise interest rates at a 50-basis-point pace for a period of time." However, retail sales and industrial production both fell sharply in October. Headline inflation also appears to be peaking, though core inflation will likely remain sticky due to strong wage growth. Natural gas prices are down to their lowest levels since the invasion of Ukraine. The ECB's hawkishness may be a policy mistake that will need to be reversed at some point we think.
Switzerland	• The economy remains resilient with a recession likely to be avoided in 2023 • Headline CPI inflation falls further, though the core measure is stickier • Further SNB rate hikes are expected, along with FX interventions to strengthen the franc	Economic activity is holding up well with expansion in the manufacturing sector and robust domestic demand. While global growth has downshifted, Swiss exporters continue to see brisk demand for their highly differentiated products while also benefitting from improving supply conditions. Services activity, by contrast, has weakened sharply after a period of strong pent-up demand. The mix of growth and inflation remains favourable and price pressures have eased further, with CPI inflation down from 3.5% in August to 2.8% currently. While encouraging, core CPI remains stickier at around 2%, and inflation is expected to rebound in Q1 on electricity price hikes. As expected, the SNB raised the policy rate by 50bps in December, to 1%. Further hikes are expected in H1 along with ongoing FX interventions.

	Key developments	Zurich's view
Japan	• Private consumption growth is softening while travel-related services demand remains solid • Capital goods productions suffers amid weaker foreign demand • Bond investors challenge the Bank of Japan amid the widening of the 10yr yield target band	November retail sales were weaker than expected for some household items while demand for autos and domestic travel related services remains brisk. Industrial production continued to suffer from weaker foreign demand, particularly from China and Europe, following its strong recovery last summer. Capital goods production was weak while durable consumer goods production remains brisk. Corporate production plans are factoring in further weakness as supply-chain disruptions have been renewed following the dismantling of China's zero-Covid policy, a reason for concern as sick leaves surge. Japan's bond market remains under pressure following the Bank of Japan's sudden yield target band expansion. Japanese equities suffered in December, in line with global equities.
China	• Omicron infection cases are surging following a U-turn in China's Covid policy • Industrial production is likely to suffer from weaker exports in H1 • Chinese equities are expected to tread water following the latest rally	New Omicron infections have exploded nationwide following the U-turn of the government's zero-Covid policy. Most mobility restrictions have been abolished, Covid statistics are no longer being released, and travel restrictions are being drastically curtailed. We expect both consumption and production to weaken further in the short term as consumers are cautious and prefer to stay at home while the Omicron wave surges and companies struggle with sick leaves. Mortality is rising as the booster vaccination rate among the elderly has not improved quickly enough. However, we believe the economy will pick up steam at some point in Q1as soon as the worst is over and catch up on lost activity. We are sticking to our 5% growth target for 2023, though the recovery is likely to be a bumpy ride.
Australia	• The economy continues to slow as higher interest rates begin to impact the economy • The labour market remains strong, with the unemployment rate stabilising at 3.4% • The RBA continues to hike policy rates in December, with two more hikes expected for 2023	December data show that Australia's economy has continued to slow. Q3 GDP increased by 0.6% QoQ and 5.9% YoY, lower than market expectations. The housing market continues to be impacted by the higher cash rate, with CoreLogic house prices falling 1.1% in November, the seventh consecutive monthly decline. Australian consumer confidence improved but remains near historic lows while higher interest rates hit business confidence. However, the labour market remains very strong, with 64k new jobs created in November, keeping the unemployment rate at a historic low of 3.4%. The RBA increased its cash rate by 25bps to 3.10%, with further interest rate hikes expected for February and March 2023. The Australian equity market declined in December following the strong rally in October and November.
ASEAN	• Malaysia's 2022 GDP is likely to exceed estimates while the 2023 Budget is to be tabled again in February • Bank Indonesia raises policy rates for a fifth consecutive time • Indonesia imposes export ban on Bauxite	Malaysia's GDP growth for 2022 is projected to exceed the earlier projection of 6.5%-7.0% according to Prime Minister Anwar Ibrahim, who is also Malaysia's finance minister. The 2023 Budget will also be reintroduced in February, following the change in government. Bank Indonesia (BI) ended its last meeting of the year with a 25bp hike as it continues to take a 'front-loaded' step to tackle inflation and stabilise the Rupiah. Although headline inflation has dropped back in recent months, it remains above the central bank's 2-4% target range. BI reiterated that risks to growth in 2023 were tilted towards the upper end of its forecast range of 4.5%-5.3%. Indonesia also initiated an export ban for bauxite starting in June 2023 to encourage domestic processing of the main source of aluminium.
LatAm	• The approved increase in public spending in Brazil exceeded the spending cap, negatively affecting the financial markets • The central bank of Chile announced the end of the tightening cycle while in Mexico the end of the hiking cycle is close • The equity market in Chile was one of the best performing globally in 2022	In Brazil, Congress approved a constitutional amendment to increase fiscal spending in 2023 by ~BRL 170bn. Even though lawmakers moderated the government proposal, the final amount exceeded our expectations. Uncertainty about the future evolution of public spending is affecting financial markets. The Bovespa rose ~5% in 2022 but has fallen ~10% since Lula was elected. In Chile, the political parties agreed to start a new constituent process, including an expert commission. Congress will likely approve the new process in January. A new draft of the constitution is expected by Q4 2023, which then needs to be approved in a referendum in January 2024. The equity market rose 22% in 2022, one of the best-performing markets globally. Nevertheless, the outlook for 2023 is challenging as the economy will enter in a recession.

Valuation snapshot (MSCI Indices)

Current trailing valuations

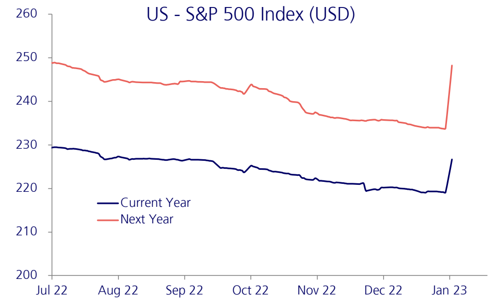
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.40	15.09	11.56	16.75	14.15	14.48	14.27	5.67	13.81
12m Trailing P/B	4.12	1.87	1.70	3.10	1.27	1.61	1.34	1.57	1.97
12m Trailing P/CF	14.95	7.47	7.86	9.92	9.10	8.73	8.03	5.18	7.07
Dividend Yield	1.59	3.03	3.70	2.92	2.50	3.09	2.52	14.07	3.49
ROE	20.17	12.42	14.72	18.51	8.95	11.12	9.40	27.75	14.30

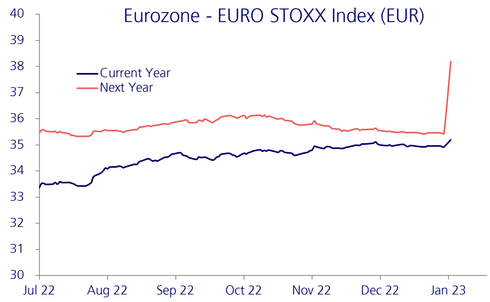
Current trailing valuations relative to MSCI world

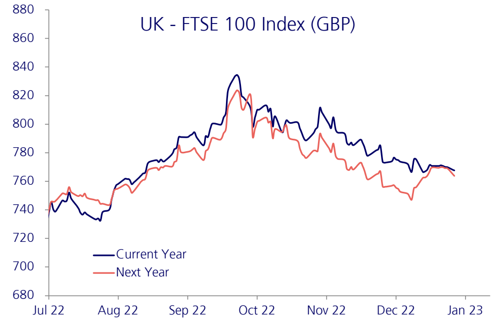
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.19	0.88	0.67	0.98	0.82	0.84	0.83	0.33	0.80
12m Trailing P/B	1.57	0.71	0.65	1.18	0.48	0.61	0.51	0.60	0.75
12m Trailing P/CF	1.32	0.66	0.69	0.88	0.80	0.77	0.71	0.46	0.62
Dividend Yield	0.72	1.36	1.67	1.32	1.13	1.39	1.13	6.34	1.57
ROE	1.32	0.81	0.96	1.21	0.58	0.73	0.61	1.81	0.93

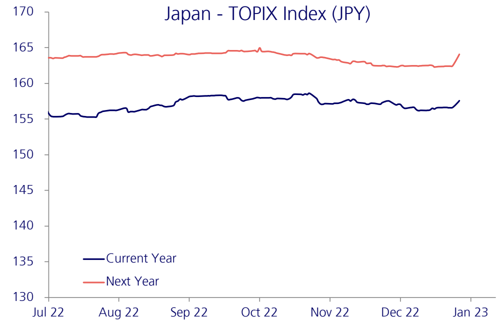
Source: Datastream

Earnings estimates - Full fiscal years



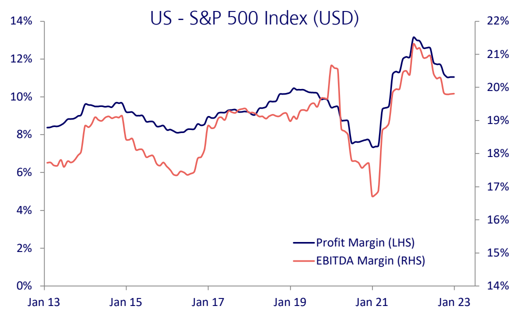


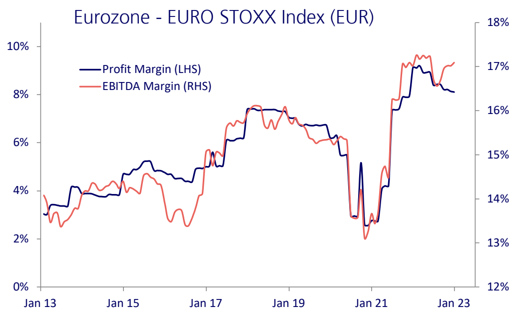


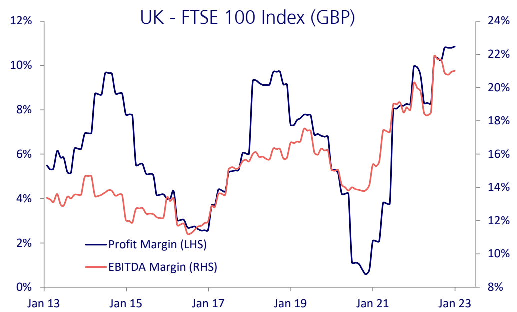


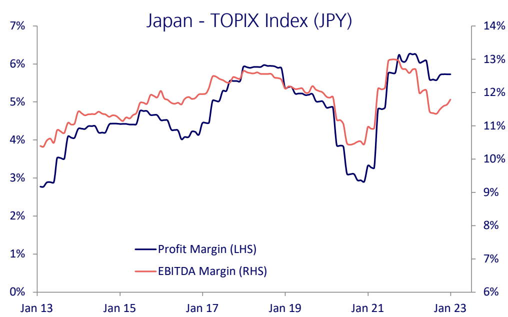
Source: Bloomberg

Historical margins





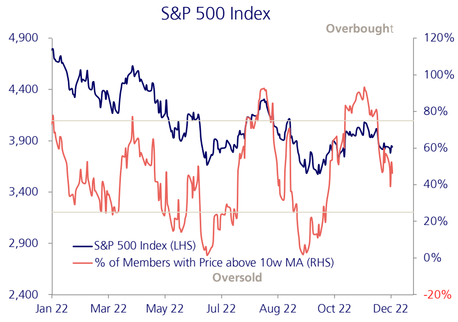


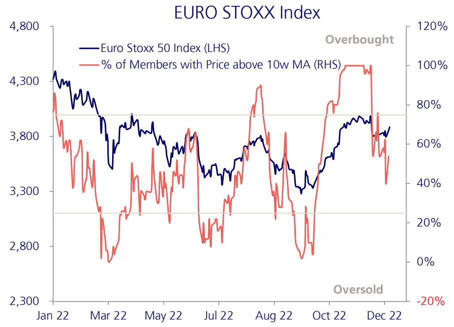


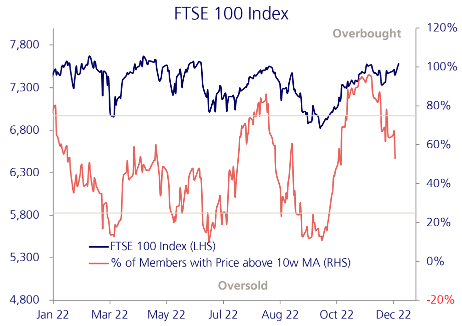
Source: Bloomberg

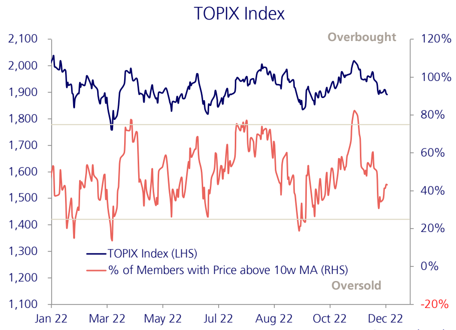
Source: Bloomberg

Overbought / Oversold





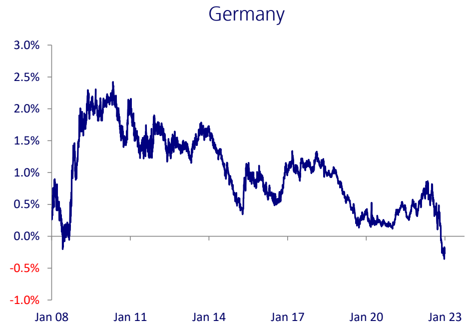


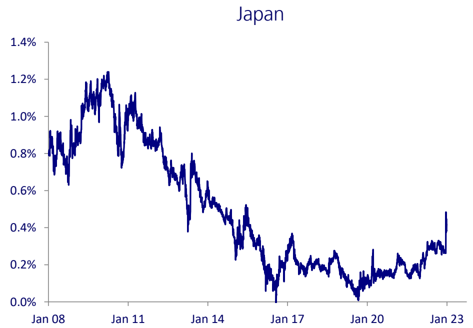


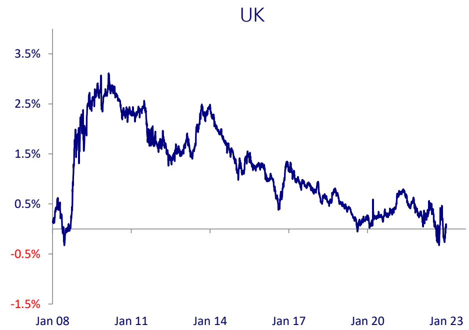
Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)







Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Jan-23	1m ago	3m ago	1yr ago
UK	-15	-33	28	-66
Germany	-134	-163	-172	-175
Switzerland	-227	-243	-259	-173
Japan	-338	-323	-350	-156
Australia	20	-10	-12	4
China	-97	-58	-100	115
South Korea	-1	9	35	70
Malaysia	29	53	60	196
Indonesia	323	337	345	476
Thailand	-116		-73	27
Philippines	26	n/a	n/a	n/a
Brazil	911	n/a	806	942
Mexico	523	544	585	605
Colombia	946	875	906	n/a
Peru	420	412	496	429

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Jan-23	1m ago	3m ago	1yr ago
France	54	46	61	37
Netherlands	32	28	32	15
Belgium	64	56	66	35
Austria	64	61	69	27
Ireland	53	45	55	37
Italy	214	191	244	132
Spain	108	102	121	72
Portugal	101	92	109	63

Source: Bloomberg, ZIG

Economic data

US	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Trend*
ISM Manufacturing (Index)	58.8	57.6	58.6	57.1	55.4	56.1	53.0	52.8	52.8	50.9	50.2	49.0		down
ISM Non-Manufacturing (Index)	62.3	59.9	56.5	58.3	57.1	55.9	55.3	56.7	56.9	56.7	54.4	56.5		down
Durable Goods (% MoM)	0.9	3.1	-0.7	0.7	0.4	0.8	2.3	-0.1	0.2	0.2	0.7	-2.1		down
Consumer Confidence (Index)	115.2	111.1	105.7	107.6	108.6	103.2	98.4	95.3	103.6	107.8	102.2	101.4	108.3	up
Retail Sales (% MoM)	16.8	13.7	17.7	7.1	7.8	8.7	8.8	10.0	9.7	8.4	8.3	6.5		down
Unemployment Rate (%)	3.9	4.0	3.8	3.6	3.6	3.6	3.6	3.5	3.7	3.5	3.7	3.7		up
Avg Hourly Earnings YoY (% YoY)	6.2	6.7	6.7	6.7	6.6	6.4	6.4	6.2	6.0	5.8	5.6	5.8		down
Change in Payrolls ('000, MoM)	588.0	504.0	714.0	398.0	368.0	386.0	293.0	537.0	292.0	269.0	284.0	263.0		down
PCE (% YoY)	5.0	5.2	5.4	5.4	5.0	4.9	5.0	4.7	4.9	5.2	5.0	4.7		up
GDP (%, QoQ, Annualized)	7.0			-1.6			-0.6			3.2				

UK	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Trend*
PMI Services (Index)	53.6	54.1	60.5	62.6	58.9	53.4	54.3	52.6	50.9	50.0	48.8	48.8	50.0	down
Consumer Confidence (Index)	-15.0	-19.0	-26.0	-31.0	-38.0	-40.0	-41.0	-41.0	-44.0	-49.0	-47.0	-44.0	-42.0	up
Unemployment Rate (%)	4.0	4.0	3.8	3.7	3.8	3.8	3.8	3.6	3.5	3.6	3.7			down
CPI (% YoY)	5.4	5.5	6.2	7.0	9.0	9.1	9.4	10.1	9.9	10.1	11.1	10.7		up
GDP (% YoY)	8.9			10.7			4.0			1.9				

Eurozone	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Trend*
PMI Manufacturing (Index)	58.0	58.7	58.2	56.5	55.5	54.6	52.1	49.8	49.6	48.4	46.4	47.1	47.8	down
PMI Services (Index)	53.1	51.1	55.5	55.6	57.7	56.1	53.0	51.2	49.8	48.8	48.6	48.5	49.1	down
IFO Business Climate (Index)	94.8	96.1	98.8	90.8	92.0	93.2	92.3	88.7	88.7	84.3	84.5	86.4	88.6	down
Industrial Production (% MoM)	1.2	-0.7	0.6	-1.6	-0.1	1.3	0.9	-2.0	1.6	0.8	-2.0			down
Factory Orders GE (% MoM)	2.4	2.9	-1.4	-4.8	-1.6	-0.2	-0.2	1.3	-2.0	-2.9	0.8			down
Unemployment Rate (%)	7.0	6.9	6.8	6.8	6.7	6.7	6.7	6.6	6.7	6.6	6.5			down
M3 Growth (% YoY, 3 months MA)	6.9	6.5	6.4	6.3	6.1	5.8	5.8	5.7	6.1	6.3	5.1	4.8		down
CPI (% YoY)	5.0	5.1	5.9	7.4	7.4	8.1	8.6	8.9	9.1	9.9	10.6	10.1		up
Core CPI (% YoY)	2.6	2.3	2.7	3.0	3.5	3.8	3.7	4.0	4.3	4.8	5.0	5.0		up
GDP (% QoQ)	0.5			0.6			0.8			0.3				

Switzerland	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Trend*
KOF Leading Indicator (Index)	107.2	107.1	105.1	99.2	103.0	96.8	96.1	90.5	93.5	92.3	90.9	89.2	92.2	down
PMI Manufacturing (Index)	64.2	63.8	62.6	64.0	62.5	60.0	59.1	58.0	56.4	57.1	54.9	53.9	54.1	down
Real Retail Sales (% YoY)	-0.1	6.4	13.3	-6.1	-5.8	-2.0	0.1	2.5	1.6	2.6	-2.5			down
Trade Balance (Billion, CHF)	3.5	3.1	5.9	2.8	4.1	3.1	3.7	3.7	3.7	4.4	4.3	2.3		down
CPI (% YoY)	1.5	1.6	2.2	2.4	2.5	2.9	3.4	3.4	3.5	3.3	3.0	3.0		down

Japan	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Trend*
Nomura Manufacturing PMI (Index)	54.3	55.4	52.7	54.1	53.5	53.3	52.7	52.1	51.5	50.8	50.7	49.0	48.8	down
Machine Orders (% YoY)	5.1	5.1	4.3	7.6	19.0	7.4	6.5	12.8	9.7	2.9	0.4			down
Industrial Production (% YoY)	2.2	-0.8	0.5	-1.7	-4.9	-3.1	-2.8	-2.0	5.8	9.6	3.0	-1.3		up
ECO Watchers Survey (Index)	58.6	35.9	36.6	48.9	50.7	52.6	51.8	43.5	44.8	49.6	51.1	49.7		up
Jobs to Applicants Ratio (Index)	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.4		up
Labour Cash Earnings (% YoY)	-0.4	1.1	1.2	2.0	1.3	1.0	2.0	1.3	1.7	2.2	1.4			down
Department Store Sales (% YoY)	8.8	15.6	-0.7	4.6	19.0	57.8	11.7	9.6	26.1	20.2	11.4	4.5		down
Money Supply M2 (% YoY)	3.7	3.6	3.6	3.5	3.4	3.1	3.3	3.4	3.4	3.3	3.1	3.1		down
CPI Ex Food & Energy (% YoY)	-1.3	-1.9	-1.8	-1.6	0.1	0.2	0.2	0.4	0.7	0.9	1.5	1.5		up
Exports (% YoY)	17.5	9.6	19.1	14.7	12.5	15.8	19.3	19.0	22.0	28.9	25.3	20.0		up

China	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Trend*
PMI Manufacturing (Index)	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	down
Industrial Production (% YoY)	4.3			5.0	-2.9	0.7	3.9	3.8	4.2	6.3	5.0	2.2		up
Retail Sales (% YoY)	1.7			-3.5	-11.1	-6.7	3.1	2.7	5.4	2.5	-0.5	-5.9		down
PPI (% YoY)	10.3	9.1	8.8	8.3	8.0	6.4	6.1	4.2	2.3	0.9	-1.3	-1.3		down
Exports (% YoY)	20.9	24.0	6.1	14.3	3.5	16.2	17.1	18.2	7.5	5.7	-0.2	-8.9		down
CPI (% YoY)	1.5	0.9	0.9	1.5	2.1	2.1	2.5	2.7	2.5	2.8	2.1	1.6		down
RRR (%)	11.5	11.5	11.5	11.5	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.0	down
GDP (% YoY)	4.0			4.8			0.4			3.9				up
PMI Non Manufacturing (Index)	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Trend*
AiG Manufacturing (Index)	48.4	48.4	53.2	55.7	58.5	52.4	54.0	52.5	49.3	50.2	49.6	44.7		down
AiG Service (Index)	56.2	56.2	60.0	56.2	57.8	49.2	48.8	51.7	53.3	48.0	47.7	45.6		down
Westpac Consumer Confidence (% MoM)	-1.0	-2.0	-1.3	-4.2	-0.9	-5.6	-4.5	-3.0	-3.0	3.9	-0.9	-6.9	3.0	down
Building Approvals (% YoY)	-9.7	-21.9	-8.1	-34.5	-24.6	-20.0	-15.8	-22.9	-7.4	-12.9	-6.4			up
Employment Change ('000, MoM)	71.3	19.8	108.5	34.5	27.2	58.2	87.2	-19.7	48.8	10.8	43.1	64.0		up

Brazil	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Trend*
CPI (% YoY)	10.1	10.4	10.5	11.3	12.1	11.7	11.9	10.1	8.7	7.2	6.5	5.9		down
Industrial Production (% YoY)	0.0	-5.0	-7.3	-4.1	-1.9	-0.5	0.5	-0.4	-0.4	2.8	0.4	1.7		up
Retail Sales (% YoY)	0.0	-2.9	-1.5	1.3	4.9	4.5	-0.2	-0.1	-5.3	1.6	3.2	2.7		up
Trade Balance (Millions, USD)	-57.4	4627.5	7585.6	8213.4	4957.7	8883.5	5362.6	4101.6	3688.1	3496.6	6672.0	4779.0		up
Budget Balance Primary (Billions, BRL)	-54.2	84.1	-22.5	-26.5	-41.0	-66.0	-83.8	-22.5	-65.9	-60.6	-14.5	-70.4		up

Chile	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Trend*
IMACEC Economic Activity Index (% YoY)	8.84	8.87	6.84	6.58	6.66	6.35	3.79	0.73	0.38	-0.30	-1.24			down
CPI (% YoY)	7.17	7.70	7.81	9.41	10.52	11.55	12.49	13.12	14.09	13.73	12.81	13.34		up
Retail Sales (% YoY)	13.48	10.62	11.02	19.58	-5.26	-6.08	-11.14	-13.44	-14.64	-12.49	-15.22			up
Industrial Production (% YoY)	1.72	-1.10	-2.96	0.85	-3.61	1.78	-1.49	-5.07	-5.04	-1.58	-4.16	-5.02		up
Unemployment (%)	7.20	7.30	7.50	7.80	7.70	7.80	7.80	7.90	7.90	8.00	8.00	7.90		up

Mexico	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Trend*
PMI (Index)	52.3	48.3	51.0	51.8	52.4	50.9	49.5	51.3	49.6	50.4	50.2	51.1	51.8	up
CPI (% YoY)	0.0	7.1	7.3	7.5	7.7	7.7	8.0	8.2	8.7	8.7	8.4	7.8		up
Retail Sales (% YoY)	5.2	6.6	6.3	3.7	4.6	5.1	4.0	5.0	4.7	3.3	3.8			down
Indutrial Production (% YoY)	3.7	3.1	6.6	3.3	3.6	6.6	5.2	5.3	8.1	8.4	5.3			down
Remittances (Millions, USD)	4752.3	3918.2	3911.3	4692.5	4707.8	5141.9	5144.0	5301.4	5123.8	5036.8	5359.8	4801.1		down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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