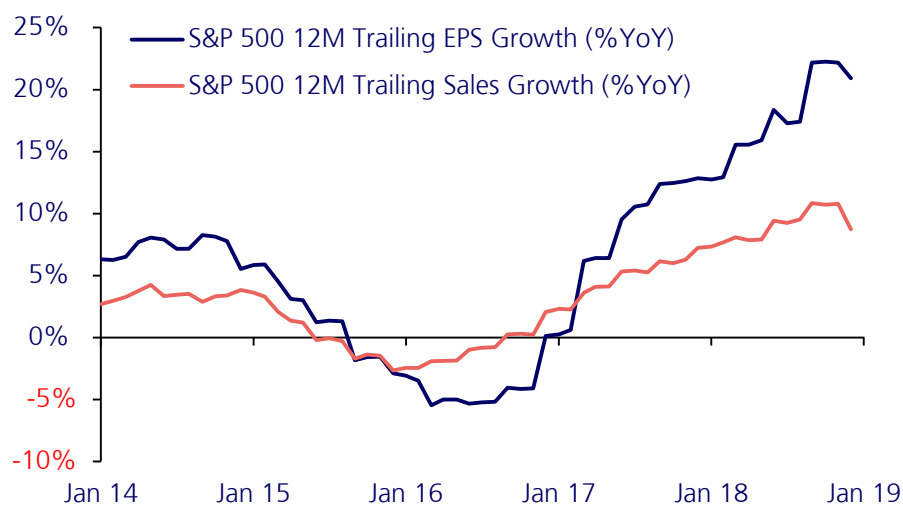


# Monthly Investment Insights

## Earnings growth has peaked



Source: Bloomberg

After suffering a torrid December, stock markets in the US and most other regions rebounded strongly in January as investors' pessimism receded and some of the near-term risks dissipated, at least for now. The Fed struck a more dovish note, taking into account recent market volatility, while market sentiment improved on indications that the US and China are making progress with regard to their trade talks. While these developments are a necessary condition for markets to climb higher going forward, the economic outlook and expected earnings growth are crucial for further upside potential, particularly as investors become increasingly aware that the end of the business cycle may not be too far off.

Global growth is still decent but decelerating and is expected to moderate further in the coming quarters. With the slowdown in economic momentum comes a slowdown in corporate earnings growth, which is exacerbated in the US by the fading base effect of the massive tax cut in 2018. While the reporting season for Q4 2018 is still in full swing, the overall results so far are good but not overwhelming. The average surprise in sales and earnings growth are roughly 0.6% and 2.3% respectively, significantly below recent quarters. Accordingly, sales grew by 6.1% YoY and earnings by 13.4% YoY when compared to the same quarter a year before.

A slowdown in earnings growth is usually a significant headwind for equity markets. This time may be different as the dominating cause for the slowdown is the base effect from last year's tax cut. Investors have lowered their expectations to more reasonable levels given the stage of the business cycle, which should make the objectives more achievable and may provide some support to the stock market. However, significant misses by a number of major players followed by painful equity corrections raise some doubts as to whether investors have fully taken into account the growth slowdown. The stock of Caterpillar, a global industry bellwether, fell more than 9% after the company reported its biggest profit miss in a decade, while Apple's warning of lower iPhone sales sent its stock down 10% after having fallen almost a third from its peak in October 2018. Clearly, lower expectations and still decent earnings growth should lend support to the equity market, but investors' patience with disappointing numbers is growing thinner, making setbacks ever more likely.

## Market Assessment

### Key developments

- Risk assets experience a strong rebound with one of the best January returns in decades after the dramatic sell-off in December
- Global economic activity slows further, particularly in Japan, China and the Eurozone, with no signs of a turnaround yet, overshadowed by the US-China trade dispute
- The Fed lowers its projected rate trajectory and indicates that it will take into account financial market developments, raising hopes of a pause in its rate hike cycle

### Zurich's view

Global growth moderated further at the end of 2018 and entering the new year, with the outlook remaining clouded by the trade war between the US and China as well as headwinds from tighter monetary policy.

Although risks around the economic backdrop have increased, we remain constructive on the outlook. The prospect for risk assets is uncertain given the mixed data and political risks, but a more pragmatic monetary policy stance by key central banks mitigates some of the downside risks.

The equity rally is fragile, particularly given mixed earnings reports by US corporates so far. Further gains will require a better news-flow both with regard to politics as well as economic fundamentals to maintain the upward momentum.

Bond yields are expected to grind higher in the medium term and credit markets may well see further short-term gains, but will be vulnerable as the year progresses.

## Global

- Global growth declines further, with manufacturing activity and trade showing broad-based weakness, though the US continues to hold up
- The capex cycle has weakened and is driving activity lower as elevated uncertainty takes a toll on business confidence and growth
- Central banks turn more dovish which should help to underpin the expansion, but developments on global trade will be critical

Global macro data weakened appreciably towards the end of 2018 and the latest data show no signs of a turnaround. Leading indicators of manufacturing activity slumped in January, led by weaker momentum in Japan and the Eurozone. After showing resilience in prior months, export data dropped across Asia, which does not bode well for world trade activity. Activity is divergent, however, with the US remaining strong while regions more exposed to global trade and the China and EM slowdown are taking a hit. We maintain our view that global growth should stabilise, but this will require an improving economic cycle in China, a dovish stance from the Fed, and a constructive outcome to the US-China negotiations.

## US

- President Trump agrees to temporarily reopen the government after a record-long shutdown
- The Fed indicates that it is willing to pause hiking rates and is taking into account financial market moves
- Consumer sentiment falls in January with expectations particularly weak

Investor sentiment was supported by comments from FOMC members indicating that the Fed is willing to pause hiking rates and is taking into account financial market developments. Sentiment was also helped by President Trump agreeing to temporarily reopen the government until February 15th to allow for bipartisan negotiations. An agreement covering both border security and immigration that is acceptable to both sides should be feasible, but the risk of a renewed shutdown in a couple of weeks remains. The shutdown weighed on consumer sentiment with the University of Michigan's Consumer Sentiment Survey suffering the biggest monthly drop in six years in January and the Conference Board expectations index falling to the lowest level in more than two years.

## UK

- Theresa May suffers a historic defeat in Parliament as the House of Commons rejects the withdrawal agreement
- Business sentiment in the service sector remains close to the post-referendum low
- The labour market is still very tight with unemployment falling back to its recent multi-decade low

With less than two months to go until Britain leaves the EU the Parliament is still struggling to agree on the withdrawal terms. It overwhelmingly rejected Theresa May's withdrawal agreement sending her back to Brussels to renegotiate the deal. However, the EU may be unwilling to meaningfully improve its offer. Given the historic defeat, minor concessions from the EU are unlikely to tip the balance in Parliament, but time is too short for negotiating any major changes to the current deal with the EU before March 29th. Therefore, an extension of Art. 50, one way or another, looks increasingly likely. Meanwhile, the uncertainty increasingly clouds the economic outlook as companies are activating their contingency plans and continue to move parts of the business abroad.

## Eurozone

- Business confidence, especially in the German manufacturing sector, weakens sharply, but equities rebound from oversold levels
- Lending surveys and credit growth are still consistent with ongoing economic expansion, albeit only around trend
- The ECB recognizes downside risks to recovery and is unlikely to raise rates in 2019. A fresh TLTRO is likely in the next few months

Business confidence fell dramatically in January, especially in Germany, with forward-looking indicators such as PMI manufacturing new orders hitting very weak levels. However, Eurozone equity markets are up this year as they rebound from oversold levels and react positively to further stimulus measures in China. Nevertheless, these stimulus measures could take time to feed through to the global economy and in the meantime there is a risk that Eurozone data will continue to weaken. Our base case is that this is a soft patch for the Eurozone, provided policymakers are supportive and there is some progress on the US-China trade dispute. Lending conditions and credit growth are still consistent with underlying growth at around trend and the ECB has become more dovish.

## Switzerland

- Activity is holding up, with leading indicators still consistent with growth in line with trend
- Domestic demand remains sluggish and will not provide an offset should export demand weaken appreciably
- The SNB is expected to leave rates unchanged in 2019, continuing to lag the ECB in its policy decision

Macro data show signs of stabilisation and are still consistent with growth at around trend. The PMI ticked up in December after a sharp decline in the prior months, led by solid current output and some restocking. Exports slowed sharply towards the end of 2018, but data are notoriously volatile and a smoothed measure is still consistent with expansion. More timely global data, however, indicate a sharp deceleration in global trade activity in early 2019, signalling downside to Swiss activity going forward. Low oil prices will push down on inflation over the coming months, leaving it well below the 1% mark in H1. With slowing growth, weak inflation, and the ECB set to leave rates unchanged in 2019, we do not expect the SNB to hike rates in 2019.

## Japan

- Recent indicators suggest a deterioration in economic conditions
- Weakness in China's machinery orders affects exports negatively
- Japanese equities have recovered less from the December slump than US equities

The sudden slump in the Manufacturing PMI and the weak reading of the Reuters Tankan in January are concerning with regard to Japan's economic conditions. Most of the consumer related indicators are also in the doldrums. It remains to be seen whether this is just a blip, or the start of a more serious downturn. Special circumstances, like natural disasters, cannot be made responsible as was the case for most of last year. Japanese equities are languishing, while the USDJPY seems unable to break above the 110 level, which is not favourable in supporting equities. Following a selling binge last year, foreign investor sentiment is still cautious toward Japanese equities, while earnings revisions remain negative.

## China

- China's economy remains in the doldrums
- Policymakers are intensifying stimuli measures
- Chinese equities keep creeping higher on an absolute and relative basis

China's economy remains in a difficult shape, with GDP growth now at 6% on a sequential annualised basis. It seems likely that the government will announce a target range of 6%-6.5% for this year. The decision has obviously already been made at the Economic Work Conference in December, but will only be announced at the upcoming National People's Congress. To avoid a more dramatic slowdown, Chinese authorities continue to announce various monetary, fiscal and regulatory stimuli measures. However, these are targeted, not broad-based measures, which makes sense as China has not completely abandoned its deleveraging process. The equity market has shrugged off negative news from the economy and trade fronts and keeps creeping higher on an absolute and relative basis.

## Australia

- Business conditions tumble, while confidence is falling at a steady pace
- The housing market is in dire straits, with both sales and prices falling
- Australian equities have bounced back close to November highs

Australia's economy is struggling. Though the labour market remains tight, and lower oil prices and modest wage gains are helping consumption, the steep fall in house prices in major cities is putting a lid on household confidence. Building permits are down 33% YoY, while the AiG Construction PMI has fallen to a five-year low. We expect government expenditure to give a boost before the May elections, but that will not be enough to make up for the negative impact from the housing sector. Business conditions have deteriorated significantly. While the RBA maintains a tightening bias, we believe that it is not sustainable. Australian equities have more than made up for the December weakness and have even recovered back close to November highs, helped by the strength of material components.

Valuation snapshot (MSCI Indices)

Current trailing valuations

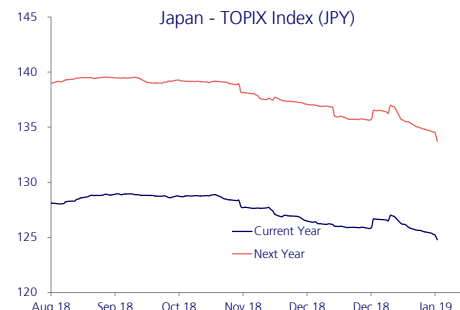
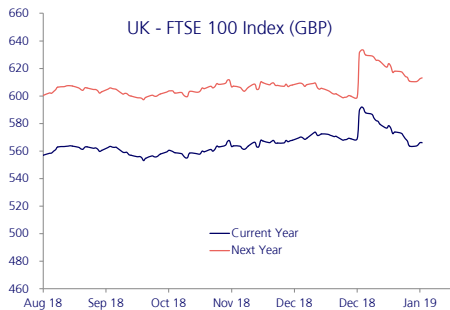
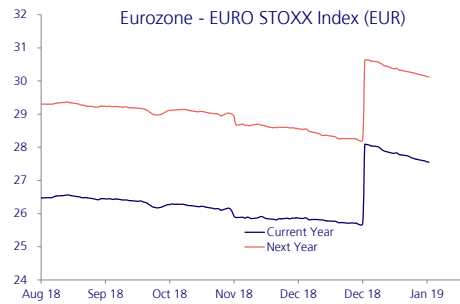
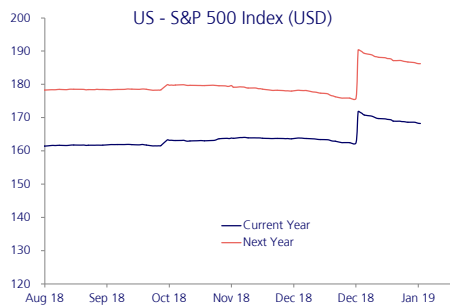
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	18.37	14.42	13.25	19.17	11.45	12.23	11.86	16.75	17.65
12m Trailing P/B	3.01	1.63	1.58	2.44	1.17	1.50	1.54	1.91	2.03
12m Trailing P/CF	14.80	7.43	9.46	15.18	7.12	8.69	7.26	12.47	8.50
Dividend Yield	2.20	3.67	4.97	3.40	2.58	3.11	2.40	3.61	2.82
ROE	16.41	11.27	11.91	12.73	10.20	12.27	13.00	11.41	11.52

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	0.93	0.86	1.24	0.74	0.79	0.77	1.08	1.14
12m Trailing P/B	1.47	0.79	0.77	1.19	0.57	0.73	0.75	0.93	0.99
12m Trailing P/CF	1.38	0.69	0.88	1.41	0.66	0.81	0.68	1.16	0.79
Dividend Yield	0.79	1.32	1.79	1.22	0.93	1.12	0.86	1.30	1.01
ROE	1.24	0.85	0.90	0.96	0.77	0.92	0.98	0.86	0.87

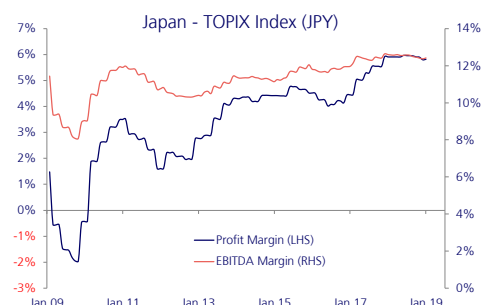
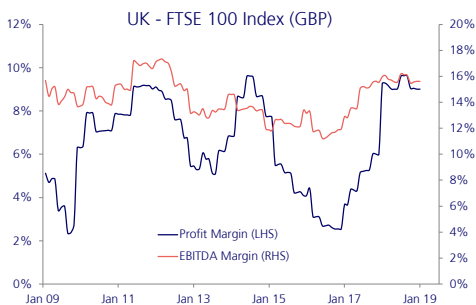
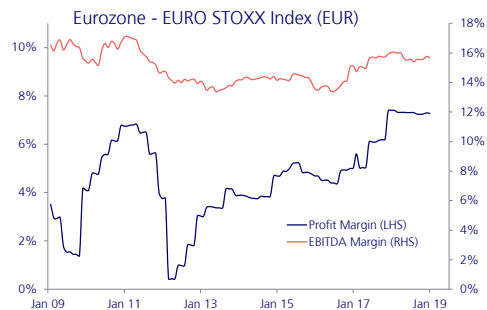
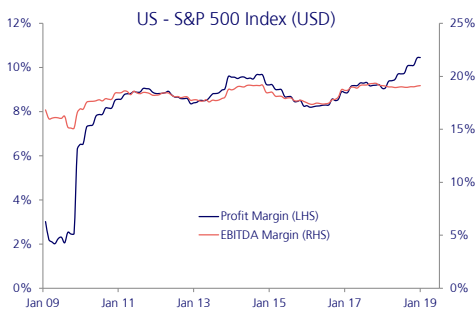
Source: Datastream

Earnings estimates - Full fiscal years



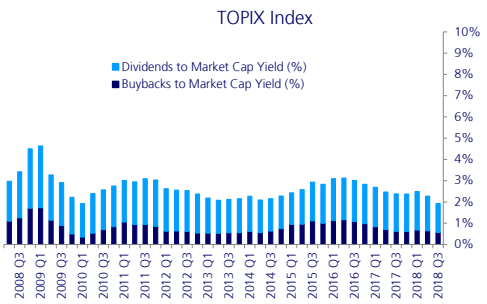
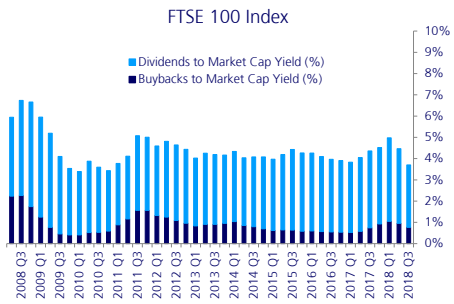
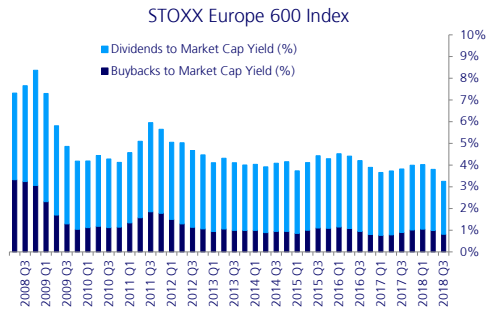
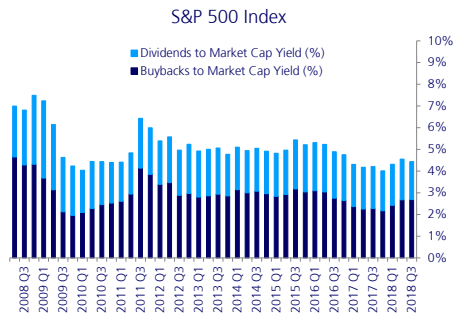
Historical margins

Source: Bloomberg



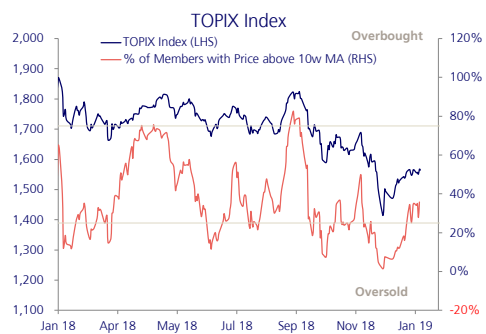
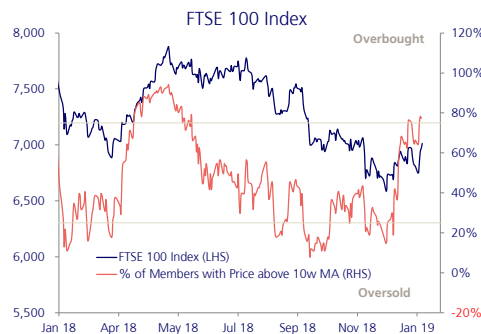
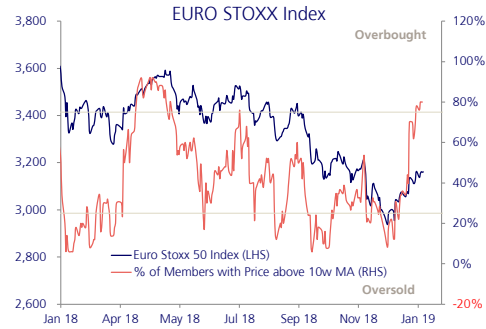
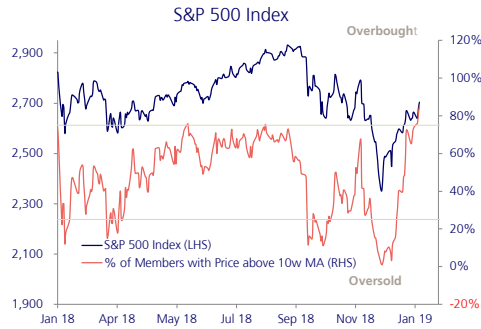
Source: Bloomberg

## Dividends and shares buybacks



Source: Bloomberg

## Overbought / Oversold



Source: Bloomberg

## Appendix 3

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



Source: Bloomberg

### Spread Snapshot

#### Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)				
	Feb-19	1m ago	3m ago	1yr ago	1yr ago
UK	-140	-141	-172	-126	-126
Germany	-247	-244	-278	-207	-207
Switzerland	-287	-293	-320	-267	-267
Japan	-264	-268	-308	-269	-269
Australia	-42	-37	-52	1	1
China	48	63	34	113	113
South Korea	-63	-73	-93	-3	-3
Malaysia	144	140	88	117	117
Indonesia	327	334	313	343	343
Thailand	-26		-40	-44	-44
Philippines	143	n/a	n/a	n/a	n/a
Brazil	623	n/a	n/a	680	680
Mexico	578	597	560	479	479
Colombia	431	407	398	356	356
Peru	299	296	269	190	190

#### Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Feb-19	1m ago	3m ago	1yr ago
France	41	47	36	26
Netherlands	10	15	12	4
Belgium	45	53	39	27
Austria	22	26	21	11
Ireland	72	66	57	43
Italy	259	250	289	124
Spain	107	117	115	69
Portugal	150	148	146	123

Source: Bloomberg, ZIG

## Economic data

<b>US</b>	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Trend*
ISM Manufacturing (Index)	59.6	60.7	59.3	57.9	58.7	60.0	58.4	60.8	59.5	57.5	58.8	54.3		down
ISM Non-Manufacturing (Index)	59.4	59.1	58.7	57.2	58.9	58.7	56.7	58.8	60.8	60.0	60.4	58.0		up
Durable Goods (% MoM)	-4.2	4.5	2.7	-1.0	-0.3	0.9	-1.2	4.7	0.0	-4.3	0.8			down
Consumer Confidence (Index)	124.3	130.0	127.0	125.6	128.8	127.1	127.9	134.7	135.3	137.9	136.4	126.6	120.2	down
Retail Sales (% MoM)	3.9	4.5	5.1	4.8	6.4	6.1	6.6	6.4	4.0	4.8	4.2			down
Unemployment Rate (%)	4.1	4.1	4.0	3.9	3.8	4.0	3.9	3.8	3.7	3.8	3.7	3.9		up
Avg Hourly Earnings YoY (% YoY)	2.4	2.5	2.6	2.6	2.7	2.8	2.8	2.9	2.8	3.2	3.3	3.3		up
Change in Payrolls ('000, MoM)	176.0	324.0	155.0	175.0	268.0	208.0	165.0	286.0	119.0	274.0	176.0	312.0		up
PCE (% YoY)	1.6	1.7	2.0	1.9	2.0	2.0	2.0	1.9	2.0	1.8	1.9			down
GDP (% YoY, QoQ, Annualized)			2.2			4.2			3.4					
<b>UK</b>	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Trend*
PMI Services (Index)	53.0	54.5	51.7	52.8	54.0	55.1	53.5	54.3	53.9	52.2	50.4	51.2		down
Consumer Confidence (Index)	-9.0	-10.0	-7.0	-9.0	-7.0	-9.0	-10.0	-7.0	-9.0	-10.0	-13.0	-14.0	-14.0	down
Unemployment Rate (%)	4.3	4.2	4.2	4.2	4.2	4.0	4.0	4.0	4.1	4.1	4.0			down
CPI (% YoY)	3.0	2.7	2.5	2.4	2.4	2.4	2.5	2.7	2.4	2.4	2.3	2.1		down
GDP (% YoY)			1.3			1.4			1.5					
<b>Eurozone</b>	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Trend*
PMI Manufacturing (Index)	59.6	58.6	56.6	56.2	55.5	54.9	55.1	54.6	53.2	52.0	51.8	51.4	50.5	down
PMI Services (Index)	58.0	56.2	54.9	54.7	53.8	55.2	54.2	54.4	54.7	53.7	53.4	51.2	50.8	down
IFO Business Climate (Index)	104.6	104.5	103.8	102.5	102.8	102.3	102.0	104.0	103.9	102.8	102.2	101.0	99.1	down
Industrial Production (% MoM)	-0.6	-1.1	0.5	-0.5	1.2	-0.6	-0.8	1.2	-0.6	0.1	-1.7			down
Factory Orders GE (% MoM)	-4.0	-0.3	-0.7	-1.1	2.2	-3.6	-0.9	2.4	0.0	0.2	-1.0			down
Unemployment Rate (%)	8.6	8.5	8.5	8.4	8.2	8.2	8.1	8.0	8.0	8.0	7.9	7.9		down
M3 Growth (% YoY, 3 months MA)	4.6	4.3	3.6	3.8	4.0	4.3	4.0	3.5	3.6	3.9	3.7	4.1		up
CPI (% YoY)	1.3	1.1	1.3	1.3	1.9	2.0	2.1	2.0	2.1	2.2	1.9	1.6	1.4	down
Core CPI (% YoY)	1.0	1.0	1.0	0.8	1.1	0.9	1.1	0.9	0.9	1.1	1.0	1.0	1.1	up
GDP (% QoQ)			0.4			0.4			0.2			0.2		neutral
<b>Switzerland</b>	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Trend*
KOF Leading Indicator (Index)	106.5	105.1	102.6	103.2	99.9	100.3	101.6	98.9	102.3	100.2	98.9	96.4	95.0	down
PMI Manufacturing (Index)	64.6	65.1	61.4	62.8	62.8	61.8	61.7	64.6	59.9	57.8	57.7	57.5	54.3	down
Real Retail Sales (% YoY)	-0.4	-0.2	-1.2	2.9	0.2	0.2	-0.2	1.0	-2.9	1.3	-0.6	-0.3		up
Trade Balance (Billion, CHF)	2.1	3.2	1.7	2.3	2.9	2.6	2.1	2.1	2.2	3.5	4.7	1.9		up
CPI (% YoY)	0.7	0.6	0.8	0.8	1.0	1.1	1.2	1.2	1.0	1.1	0.9	0.7		down
<b>Japan</b>	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Trend*
Nomura Manufacturing PMI (Index)	54.8	54.1	53.1	53.8	52.8	53.0	52.3	52.5	52.5	52.9	52.2	52.6	50.3	down
Machine Orders (% YoY)	2.9	2.4	-2.4	9.6	16.5	0.3	13.9	12.6	-7.0	4.5	0.8			down
Industrial Production (% YoY)	1.6	1.0	2.5	2.1	3.3	-1.6	2.1	0.2	-2.5	4.2	1.5	-1.9		up
ECO Watchers Survey (Index)	49.1	48.4	51.7	50.9	47.7	48.2	47.5	48.1	47.3	47.7	49.0	48.2		up
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		down
Labour Cash Earnings (% YoY)	0.7	0.8	1.8	0.2	1.4	2.8	1.4	0.6	0.7	1.1	1.7			up
Department Store Sales (% YoY)	-1.2	-0.9	0.1	0.7	-2.0	3.1	-6.1	-0.2	-3.0	1.6	-0.6	-0.7		up
Money Supply M2 (% YoY)	3.4	3.2	3.1	3.2	3.2	3.1	2.9	2.9	2.8	2.7	2.3	2.4		down
CPI Ex Food & Energy (% YoY)	0.1	0.3	0.3	0.1	0.1	0.0	0.0	0.2	0.1	0.2	0.1	0.1		up
Exports (% YoY)	12.3	1.8	2.1	7.8	8.1	6.7	3.9	6.6	-1.3	8.2	0.1	-3.9		down
<b>China</b>	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Trend*
PMI Manufacturing (Index)	51.3	50.3	51.5	51.4	51.9	51.5	51.2	51.3	50.8	50.2	50.0	49.4	49.5	down
Industrial Production (% YoY)			6.0	7.0	6.8	6.0	6.0	6.1	5.8	5.9	5.4	5.7		down
Retail Sales (% YoY)		9.7	10.1	9.4	8.5	9.0	8.8	9.0	9.2	8.6	8.1	8.2		down
PPI (% YoY)	4.3	3.7	3.1	3.4	4.1	4.7	4.6	4.1	3.6	3.3	2.7	0.9		down
Exports (% YoY)	10.7	43.6	-3.0	11.9	11.9	10.7	11.6	9.6	13.9	14.3	3.9	-4.4		down
CPI (% YoY)	1.5	2.9	2.1	1.8	1.8	1.9	2.1	2.3	2.5	2.5	2.2	1.9		down
RRR (%)	17.0	17.0	17.0	16.0	16.0	16.0	15.5	15.5	15.5	14.5	14.5	14.5	13.5	down
GDP (% YoY)			6.8			6.7			6.5			6.4		down
PMI Non Manufacturing (Index)	51.3	50.3	51.5	51.4	51.9	51.5	51.2	51.3	50.8	50.2	50.0	49.4	49.5	down
Aggregate Financing (Billions, CNY)	3055.0	1165.1	1349.4	1582.4	763.6	1181.6	1001.1	1430.2	1178.3	578.7	1363.7	1815.1		up

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m

## Appendix 5

### Economic data

<b>Australia</b>	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Trend*
AIG Manufacturing (Index)	58.2	56.4	62.5	58.6	56.8	55.6	52.5	55.9	57.1	54.7	50.8	50.0	52.5	down
AIG Service (Index)	54.9	54.0	56.9	55.2	59.0	63.0	53.6	52.2	52.5	51.1	55.1	52.1	-4.7	neutral
Westpac Consumer Confidence (% MoM)	1.8	-2.3	0.2	-0.6	-0.6	0.3	3.9	-2.3	-3.0	1.0	2.8	0.1	-4.7	up
Building Approvals (% YoY)	15.3	1.7	17.3	1.2	5.4	2.0	-4.7	-12.9	-12.8	-13.0	-32.8			down
Employment Change ('000, MoM)	38.5	-5.4	6.2	16.3	15.3	60.4	-2.5	43.1	9.5	26.7	39.0	21.6		up

<b>Brazil</b>	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Trend*
CPI (% YoY)	2.9	2.8	2.7	2.8	2.9	4.4	4.5	4.2	4.5	4.6	4.1	3.8		down
Industrial Production (% YoY)	4.8	5.8	1.9	1.1	9.1	-6.3	3.3	4.2	1.7	-2.2	0.8	-0.9		down
Retail Sales (% YoY)	4.0	3.1	1.5	8.0	0.6	2.7	1.4	-1.0	4.0	0.1	1.9	4.4		up
Trade Balance (Millions, USD)	2816.0	5002.0	6420.0	5935.0	5981.0	5882.0	4227.0	3775.0	4971.0	6121.0	4062.0	6639.0		up
Budget Balance Primary (Billions, BRL)	18.6	-45.8	-57.6	-26.8	-47.9	-57.9	-29.2	-76.9	-39.2	-6.1	-50.6	-68.0		up

<b>Chile</b>	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Trend*
IMACEC Economic Activity Index (% YoY)	4.20	4.20	5.00	6.37	5.01	4.74	3.12	3.06	2.07	4.20	3.09			down
CPI (% YoY)	2.20	2.00	1.80	1.90	2.00	2.50	2.70	2.60	3.10	2.90	2.80	2.60		down
Retail Sales (% YoY)	3.86	3.55	3.90	6.17	2.91	6.17	-0.06	4.53	1.34	7.64	-0.84			up
Industrial Production (% YoY)	5.26	8.84	8.72	7.57	3.66	5.08	-1.65	-1.77	-3.15	2.00	0.36	1.03		up
Unemployment (%)	6.50	6.70	6.90	6.70	7.00	7.20	7.30	7.30	7.10	7.10	6.80	6.70		down

<b>Mexico</b>	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Trend*
PMI (Index)	51.8	52.9	53.5	51.4	51.3	52.3	50.3	51.4	51.1	50.0	49.7	49.3		down
CPI (% YoY)	5.6	5.3	5.0	4.6	4.5	4.7	4.8	4.9	5.0	4.9	4.7	4.8		down
Retail Sales (% YoY)	0.5	1.2	1.2	3.3	2.5	3.7	4.2	3.9	4.1	3.0	3.4			down
Industrial Production (% YoY)	0.9	0.5	-2.7	5.2	2.7	2.1	2.4	2.2	2.4	2.6	1.4			down
Remittances (Millions, USD)	2267.6	2244.4	2674.8	2760.9	3155.9	3140.7	2866.5	2856.2	2709.3	2940.1	2910.7			down

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



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