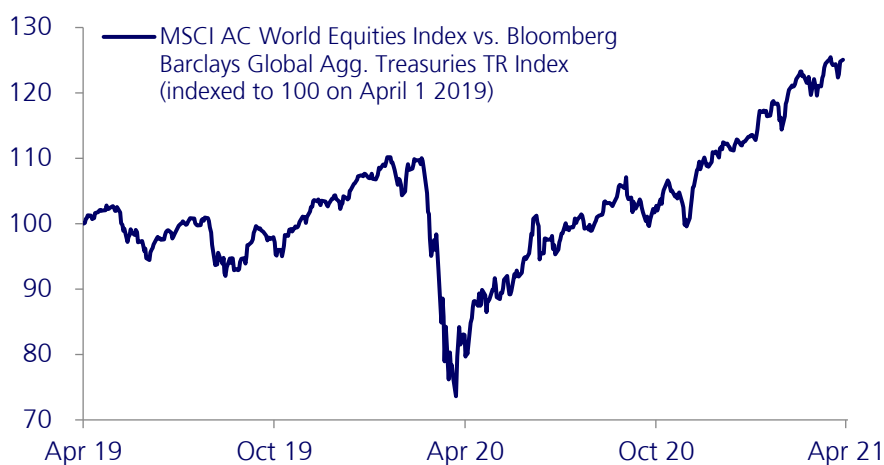


# Monthly Investment Insights

## Latest bond sell-off leaves equity markets unharmed



Source: MSCI, Barclays, Bloomberg

Global economic activity remains strong, with the V-shaped recovery since the second half of last year intact. We have revised up our global growth forecast to 5½% for this year following the approval of the USD 1.9tn American Rescue Plan and even stronger than already expected economic activity in China, Taiwan, South Korea, and Australia. The strong fiscal and monetary impetus from policy makers in the US, Europe and Asia has ignited fears of stronger than previously expected inflationary pressures, lifting the benchmark US10yr government bond yield by 80 basis points to 1.7%, putting pressure on some vulnerable emerging markets like Brazil. Meanwhile, equity investors have applauded the expansive policy measures and the favourable global earnings outlook, lifting the MSCI World index by another 5% since the start of the year, which brings its performance since the low marked in March last year to about 60%, accompanied by healthy market breadth. An acceleration in vaccination against COVID-19 in the developed world is now consensus amongst market participants, while a worrying resurgence of global infection cases caused by new virus strains seems to be neglected.

We stick to our constructive view on risk assets, as ample liquidity remains the driving force. Most investor surveys show that we are not alone in this assessment, but we do not yet see any exuberance among investors. Setbacks in equity markets are interpreted as buying opportunities with ample liquidity on the side lines waiting to be employed. Valuations remain rich, but we believe that earnings growth is still underestimated, which suggests that forward P/E multiples have scope to moderate. Government bond yields may pause following the recent surge, but still have some upside potential, which is reflected in our upward revision of major benchmark 10yr bond yields on a twelve-month horizon. We consider inflationary pressures transitory to some extent, ignited by higher oil prices, supply chain bottlenecks and rising shipping costs. Fears of surging bond yields have stoked fears that future earnings streams will need to be discounted from a higher level, making equities appear less attractive. We believe these fears are overdone, as we expect bond yields to stabilise once the market recognises that inflationary concerns are overdone, while prospects for rising earnings remain intact in a cycle that is not likely to roll over any time soon. We acknowledge that this is not a one-way street and would not be surprised if setbacks happen along the way, but we believe these to be refreshing pauses rather than disruptive setbacks.

## Market Assessment

### Key developments

- US government bond yields continue to rise on confirmation of strong US fiscal stimulus, while core European yields take a breather
- Credit remains resilient and equity markets recover again following a setback, with many hitting new highs
- Strong Q1 growth in major countries like the US, China and Australia urges an upward revision for 2021 global GDP growth forecast

### Zurich's view

While global COVID-19 cases are picking up again following a phase of containment, the global economy continues to recover. Strength is visible particularly in those Asian countries that are benefitting from strong global demand for semiconductors and electronic equipment. China's policy plans announced during the National People's Congress appear less restrictive than anticipated.

Expectations of higher inflation and stronger growth have helped to pull yields, and those of US Treasuries in particular, higher. While we have adjusted our inflation forecasts higher, we believe that some factors driving inflation are more transitory in nature.

We are looking through the latest turbulences and maintain our constructive stance toward risk assets, favouring equities versus government bonds.

Credit dynamics are improving after a period of issuance and ETF outflows, with CDS expected to lag somewhat. Temporary setbacks in equity markets should be considered as opportunities to add to risk exposure.

## Key developments

## Zurich's view

### Global

- The economic recovery continues, led by strong goods demand and a surge in trade activity while conditions in some services sectors are challenging
- Inflation, which will rise sharply on largely transitory effects, is not expected to be a problem, but the outlook is more uncertain
- The surge in global bond yields puts pressure on some emerging markets to bring the rate hike cycle forward and may temper growth somewhat

Global growth is still supported by strong goods demand while services activity is downbeat with renewed restrictions providing an additional headwind. A surge in global trade, which is now well above its pre-crisis level, shows that supply chains have been resilient, but pressures are mounting with elevated shipping tariffs and a shortage of semiconductors. The blocking of the Suez Canal was disruptive, amplifying fears around supply chain price pressures and higher inflation more broadly. Following the rise in global bond yields, financial conditions have tightened and the rate hiking cycle in emerging markets has been brought forward. While overall conditions are still very favourable, this may temper growth somewhat over the coming months.

### US

- President Biden signs the USD 1.9tn American Rescue Plan after congressional approval
- The Fed continues to signal no rate hike until 2024 despite expecting to reach both its mandates
- More than half a million jobs came back over the last two months though millions of Americans remain unemployed

The S&P 500 rose to a new record high in March as the economy picked up momentum, fuelled by a rapid broadening out of vaccination programs and another massive fiscal stimulus package to support the recovery. The latter will lead to a strong pickup in personal income and spending in the months ahead. The Fed significantly raised its growth projections for this year but is refraining from signalling a rate hike over the forecast horizon despite expecting to reach both its mandates. A dovish Fed and the prospect of a huge fiscal stimulus lifted longer-term yields to the highest in more than a year and the yield slope to the steepest since 2015. The employment situation is improving rapidly, but there is still a long way to go until the labour market is back at pre-crisis levels.

### UK

- Business activity improves significantly ahead of easing lockdown measures
- The rate of job creation in the private sector is the fastest for nearly two years
- The government extends fiscal support measures to avoid a cliff edge in spring

Business activity accelerated markedly in March with the Composite PMI rising to 56.6 from 49.6 in February with a particularly solid improvement in the service sector. Stronger consumer sentiment and rising new orders ahead of easing lockdown measures fuelled the pickup. Business expectations for growth in the year ahead surged to the highest since comparable data were first available in 2012. The rate of job creation in the private sector was the fastest in nearly two years. While the improvement is promising, the labour market still faces some headwinds in the coming months until a full normalisation has been reached. It is therefore crucial that the government has extended most of the fiscal support measures, and particularly the furlough program, to avoid a cliff edge in spring.

### Eurozone

- The ECB is set to raise the pace of PEPP purchases in Q2
- Eurozone governments announce more fiscal stimulus and business confidence surges in March
- Extensions to lockdown restrictions may weigh on activity in the near term

ECB President Christine Lagarde announced that the bank is going to increase the pace of PEPP purchases in Q2 in order to combat rising bond yields. The ECB has said it is not going to target a specific level of yields (i.e. yield curve control), but that it is trying to prevent yields from rising too quickly. Indeed, we do not think the policy will prevent a further gradual increase in yields. Meanwhile, lockdown restrictions have been extended in the Eurozone, but business sentiment is surging, suggesting that once these renewed restrictions are eventually eased actual economic activity in the region could rebound very sharply. Investors also appear to be looking through the latest lockdown restrictions, correctly so in our view. The DAX hit a record high in March, for example.

### Switzerland

- The Manufacturing PMI is approaching prior highs, led by strong output, unfilled orders, new orders and improving employment plans
- Services activity remains weak, and a further opening of the economy has been postponed as COVID infection rates climb
- Policy support remains in place and will be extended, if needed, to bridge the period until a further reopening can be achieved

Macro data remain strong, reflecting a solid expansion in the manufacturing sector, buoyant construction activity and firm external demand while services activity is downbeat. Inflation is still negative, but higher oil prices and the weaker franc will strengthen price dynamics with deflationary headwinds now dissipating. The Swiss National Bank left policy unchanged in the quarterly meeting, reiterating that they will continue to intervene in forex markets when so required. A further reopening of the economy has been postponed due to soaring infection rates. With both fiscal and monetary measures remaining in place, we believe this should be manageable. We expect the economy to continue to expand in the first quarter, albeit at a modest rate, with a reacceleration set for Q2.

## Japan

- The economy takes a hit in Q1
- The Bank of Japan re-assesses its monetary policy and introduces some tweaks
- Japanese equities are creeping higher while the yen is weakening

Following strong growth in Q4, Japan's economic activity has slowed again amid a third wave of COVID-19. Although the state of emergency has been lifted even for Greater Tokyo, the latest pickup in cases is hitting consumer confidence again while manufacturing activity remains solid. Factory fire and earthquake induced supply chain bottlenecks are likely to be overcome as the manufacturing component of the monthly Reuters Tankan crawls higher. The Bank of Japan's re-assessment of its monetary policy has resulted in tweaks rather than major changes to its policy. While the MSCI Japan inches higher, driven by value stocks, it is not yet outperforming global equities in a convincing manner. The yen has weakened both against the US dollar and on a trade weighted basis.

## China

- Economic activity is strong in the first two months of the year
- Some policy tightening is in the pipeline, but not as severe as expected
- As 'southbound' equity flows subside, Chinese stocks take a hit

Even when adjusting for base effects, economic indicators show strong activity in the first two months of the year. Growth of exports, industrial production and retail sales have come in above consensus expectations, while infrastructure growth remains solid but seems to reflect some policy tightening. Policy targets set during the 'two sessions', including the National People's Congress, suggest that policy tightening will be softer than expected. This year's growth target, set at more than 6%, must be interpreted as a signal of continuity rather than a dedicated forecast. We have revised up our real GDP growth forecast from 8.4% to 9.2% for this year. The MSCI China has corrected significantly from its February high as 'southbound' buying of major internet stocks has subsided.

## Australia

- The RBA reiterates its stance on no rate hikes until 2024
- The labour market continues to heal markedly
- Bond yields rise sharply as the market prices in early policy rate hikes

To address market concerns around an earlier tightening cycle, the RBA reaffirmed its stance on no rate hikes and no tapering of the current yield curve control until 2024. The labour market continues to heal markedly, with the unemployment rate falling below 6%, much better than consensus expectations. Home loans surged in January while house prices reached a new high in February. The RBA has started to show some concern over the housing frenzy, mentioning that they would consider some prudential policies to uphold lending standards. Bond yields continued to rise, with 10-year yields briefly touching 1.9% before retreating. They are likely to rise again, however, on the back of a better economic outlook. We expect the RBA to step in were bond yields to surge.

## ASEAN

- Central banks keep their policy rates unchanged amid the rise in US Treasury yields
- Inflation remains weak in most countries, except for the Philippines
- ASEAN currencies come under pressure on the back of rising yields

ASEAN central banks kept policy rates on hold amid increasing downward pressure on their currencies due to rising US Treasury yields. Although inflation remains lacklustre in most countries, except for the Philippines, we expect no further rate cuts this year. Commodity and electronic exports are supportive, helping to cushion some adverse effects resulting from currency depreciation. However, foreign capital inflows, which are much needed to finance fiscal deficits amid rising government debt, have been negatively impacted. Given muted investor appetite, Bank Indonesia ramped up its bond purchases in both the primary and secondary markets. We expect the rise in bond yields will take some time to settle down. Before that, further volatility in both the bond and FX markets is likely.

## Brazil

- The Central Bank of Brazil (BCB) starts tightening, hiking the Selic rate by 75bps, which was above market expectations, and guides for an additional 75bps in May
- Uncertainty about economic recovery and the fiscal situation increases, while vaccinations progress slowly
- Volatility increases in the financial markets due to fiscal and political uncertainty, with the equity market underperforming Chile and Mexico

Monthly economic activity surprised to the upside while retail sales continue to fall. The worsening pandemic forced the implementation of lockdowns, affecting growth expectations and increasing the pressure for additional fiscal stimuli, on top of the recently approved emergency aid program. Inflation is accelerating and inflation expectations are above the mid-point of the inflation target, leading the BCB to increase the Selic rate by 75bps. The BCB also guided for another 75bps hike in May. The risk of higher fiscal spending is driving an asymmetric balance of risk bias to higher than expected inflation during the policy horizon. The annulment of the sentences against former president Lula da Silva would allow him to participate in the next presidential elections.

Valuation snapshot (MSCI Indices)

Current trailing valuations

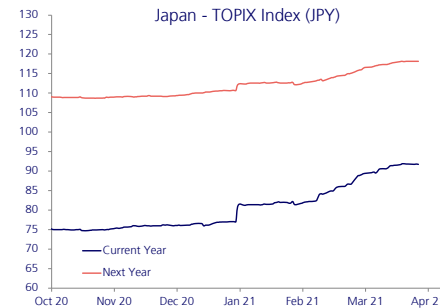
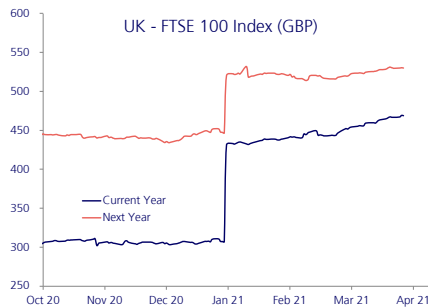
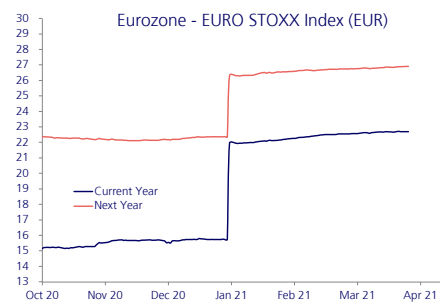
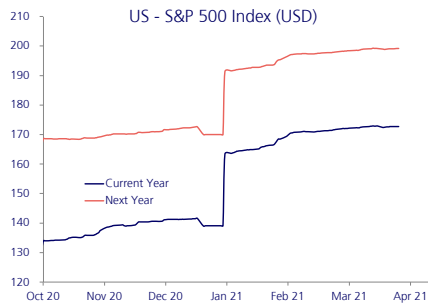
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	31.81	25.03	17.99	20.95	23.70	23.64	21.02	21.52	23.98
12m Trailing P/B	4.34	2.03	1.62	3.12	1.50	2.14	2.45	2.22	2.06
12m Trailing P/CF	18.70	8.35	4.98	11.26	9.49	11.60	11.29	5.52	6.92
Dividend Yield	1.46	2.14	3.16	2.90	1.96	1.84	1.27	2.32	2.08
ROE	13.65	8.11	9.00	14.88	6.33	9.07	11.67	10.31	8.59

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.16	0.91	0.65	0.76	0.86	0.86	0.77	0.78	0.87
12m Trailing P/B	1.56	0.73	0.58	1.12	0.54	0.77	0.88	0.79	0.74
12m Trailing P/CF	1.56	0.70	0.42	0.94	0.79	0.97	0.95	0.46	0.58
Dividend Yield	0.82	1.21	1.78	1.63	1.11	1.04	0.72	1.31	1.17
ROE	1.34	0.80	0.89	1.46	0.62	0.89	1.15	1.01	0.85

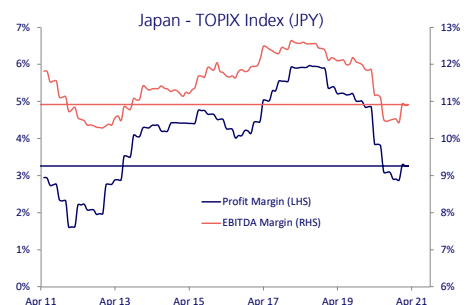
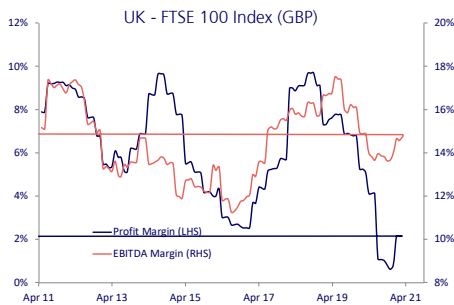
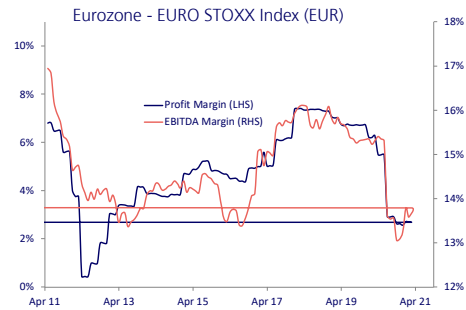
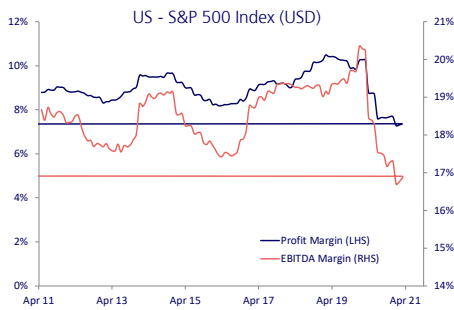
Source: Datastream

Earnings estimates - Full fiscal years



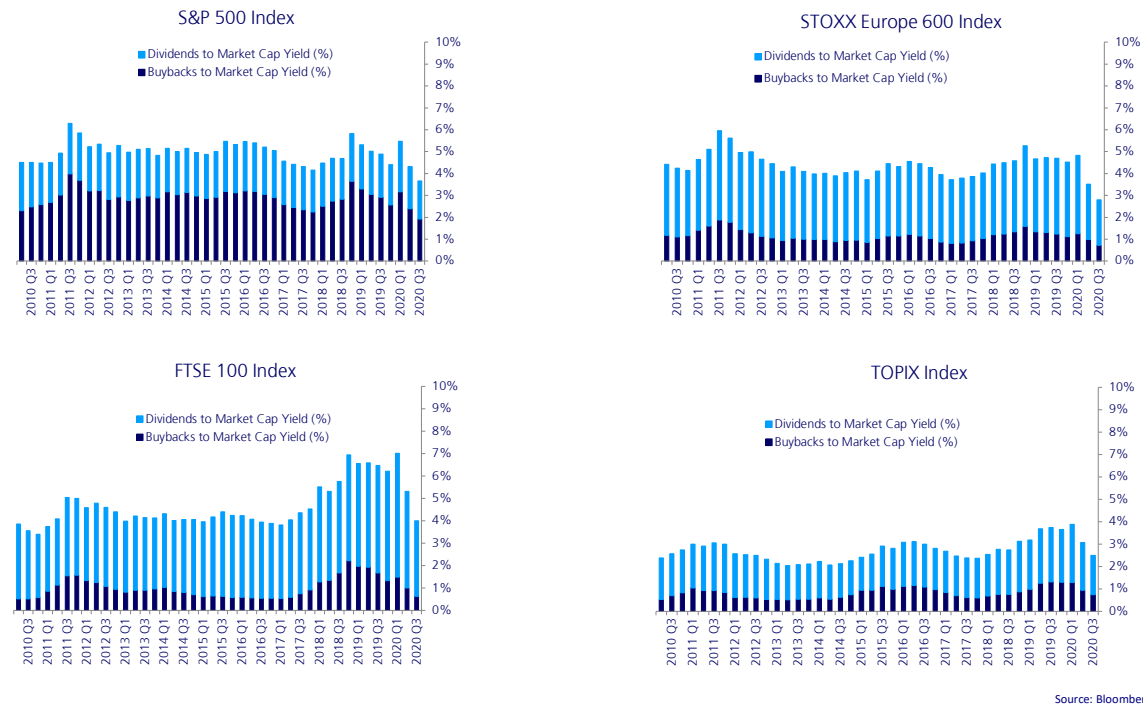
Source: Bloomberg

Historical margins

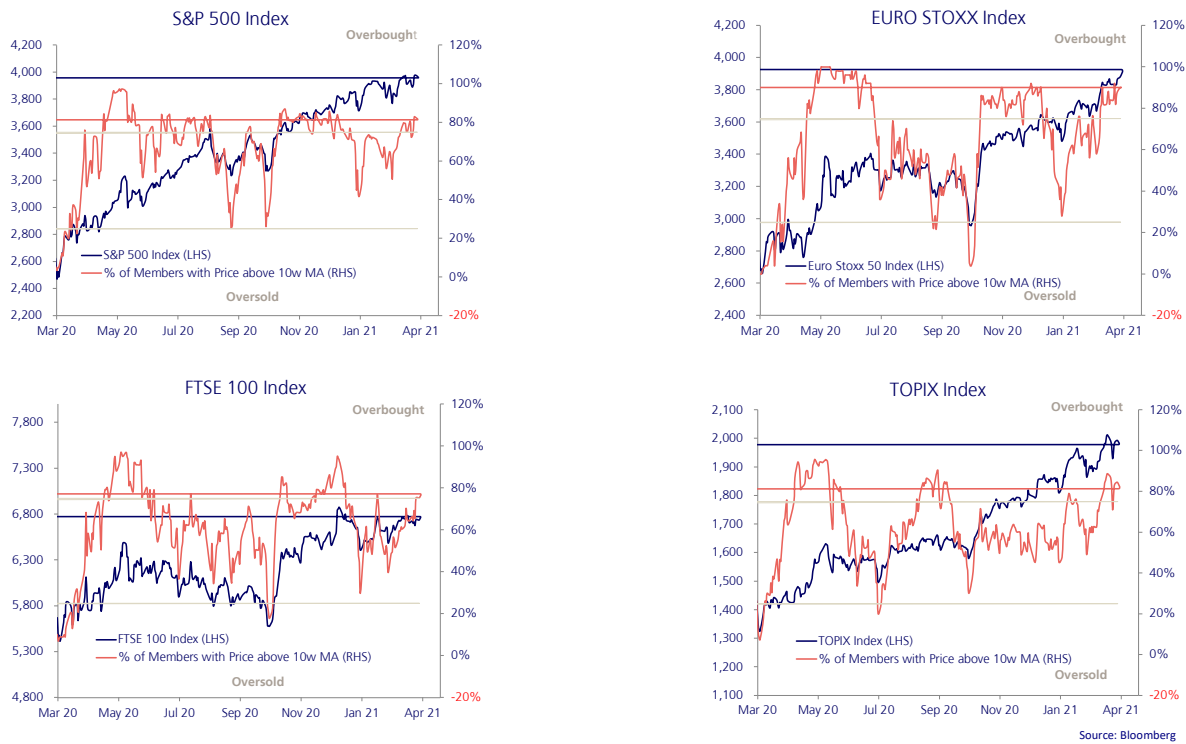


Source: Bloomberg

## Dividends and shares buybacks

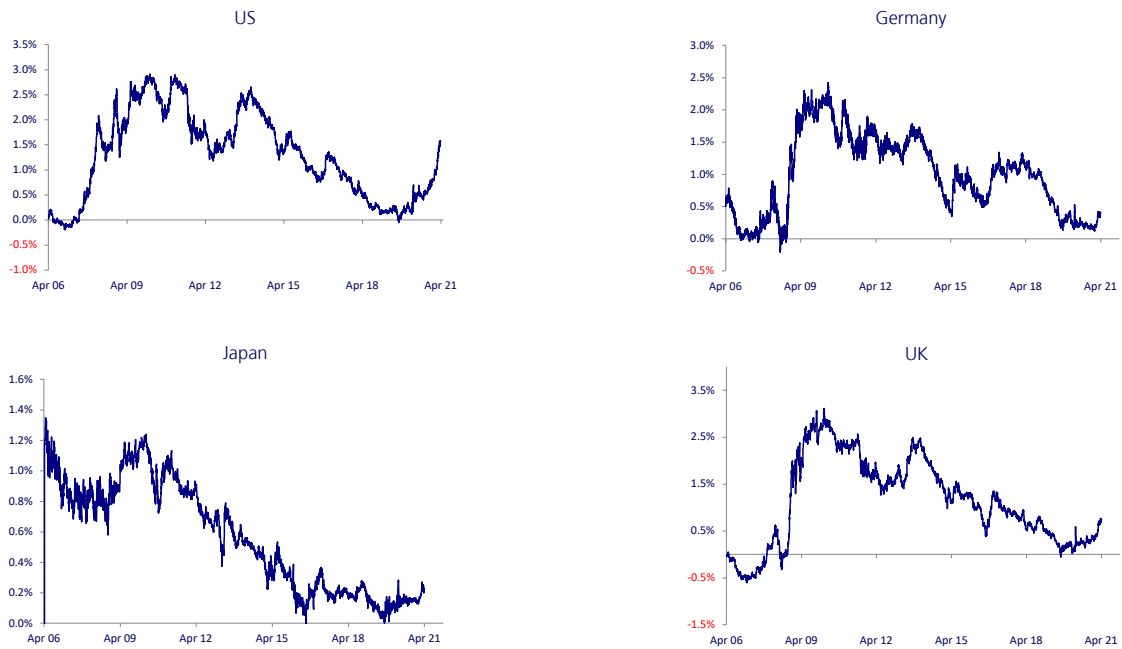


## Overbought / Oversold



## Appendix 3

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



Source: Bloomberg

### Spread Snapshot

#### Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Apr-21	1m ago	3m ago	1yr ago
UK	-90	-66	-72	-27
Germany	-203	-175	-148	-104
Switzerland	-202	-169	-146	-91
Japan	-165	-126	-89	-57
Australia	14	25	9	9
China	145	184	223	197
South Korea	32	55	81	97
Malaysia	153	166	174	275
Indonesia	504	514	497	738
Thailand	23		41	91
Philippines	232	n/a	n/a	n/a
Brazil	754	725	n/a	n/a
Mexico	510	473	463	656
Colombia	522	449	447	784
Peru	321	285	260	553

#### Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Apr-21	1m ago	3m ago	1yr ago
France	25	24	23	47
Netherlands	14	13	9	26
Belgium	31	18	19	54
Austria	22	21	15	49
Ireland	35	35	27	63
Italy	96	99	111	197
Spain	63	66	62	116
Portugal	52	56	60	135

Source: Bloomberg, ZIG

## Economic data

<b>US</b>	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Trend*
ISM Manufacturing (Index)	49.7	41.7	43.1	52.2	53.7	55.6	55.7	58.8	57.7	60.5	58.7	60.8		up
ISM Non-Manufacturing (Index)	53.6	41.6	45.4	56.5	56.6	57.2	57.2	56.2	56.8	57.7	58.7	55.3		up
Durable Goods (% MoM)	-16.7	-18.3	15.0	7.7	11.8	0.4	2.1	1.8	1.3	1.2	3.5	-1.1		down
Consumer Confidence (Index)	118.8	85.7	85.9	98.3	91.7	86.3	101.3	101.4	92.9	87.1	88.9	90.4	109.7	up
Retail Sales (% MoM)	-5.6	-19.9	-5.6	2.2	2.7	3.6	6.1	5.4	3.8	2.3	9.5	6.3		up
Unemployment Rate (%)	4.4	14.8	13.3	11.1	10.2	8.4	7.8	6.9	6.7	6.7	6.3	6.2		down
Avg Hourly Earnings YoY (% YoY)	3.7	7.8	6.8	5.5	4.8	4.9	4.6	4.5	4.7	5.5	5.3	5.1		up
Change in Payrolls ('000, MoM)	-1683.0	-20679.0	2833.0	4846.0	1726.0	1583.0	716.0	680.0	264.0	-306.0	166.0	379.0		down
PCE (% YoY)	1.7	0.9	1.0	1.1	1.3	1.4	1.5	1.4	1.3	1.4	1.5	1.4		up
GDP (% QoQ, Annualized)	-5.0			-31.4			33.4			4.3				
<b>UK</b>	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Trend*
PMI Services (Index)	34.5	13.4	29.0	47.1	56.5	58.8	56.1	51.4	47.6	49.4	39.5	49.5	56.8	down
Consumer Confidence (Index)	-9.0	-34.0	-34.0	-30.0	-27.0	-27.0	-25.0	-31.0	-33.0	-26.0	-28.0	-23.0	-16.0	up
Unemployment Rate (%)	4.0	4.0	4.1	4.1	4.3	4.5	4.8	4.9	5.0	5.1	5.0			down
CPI (% YoY)	1.5	0.8	0.5	0.6	1.0	0.2	0.5	0.7	0.3	0.6	0.7	0.4		up
GDP (% YoY)	-2.2			-21.4			-8.5			-7.3				
<b>Eurozone</b>	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Trend*
PMI Manufacturing (Index)	44.5	33.4	39.4	47.4	51.8	51.7	53.7	54.8	53.8	55.2	54.8	57.9	62.4	up
PMI Services (Index)	26.4	12.0	30.5	48.3	54.7	50.5	48.0	46.9	41.7	46.4	45.4	45.7	48.8	up
IFO Business Climate (Index)	86.7	75.6	80.6	86.3	90.0	91.9	92.9	92.6	91.0	92.2	90.3	92.7	96.6	up
Industrial Production (% MoM)	-11.1	-18.5	12.6	9.3	4.8	0.9	0.1	2.5	2.2	-0.1	0.8			down
Factory Orders GE (% MoM)	-14.8	-25.9	10.4	28.9	3.3	5.4	0.9	3.4	2.7	-2.2	1.4			down
Unemployment Rate (%)	7.3	7.3	7.5	8.0	8.5	8.7	8.6	8.4	8.1	8.1	8.1			down
M3 Growth (% YoY, 3 months MA)	7.5	8.2	9.0	9.3	10.1	9.5	10.4	10.5	11.0	12.4	12.5	12.3		up
CPI (% YoY)	0.7	0.3	0.1	0.3	0.4	-0.2	-0.3	-0.3	-0.3	-0.3	0.9	0.9	1.3	up
Core CPI (% YoY)	1.0	0.9	0.9	0.8	1.2	0.4	0.2	0.2	0.2	0.2	1.4	1.1	0.9	up
GDP (% QoQ)	-3.8			-11.6			12.5			-0.7				
<b>Switzerland</b>	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Trend*
KOF Leading Indicator (Index)	88.1	54.6	52.4	65.9	87.0	107.6	110.1	106.4	103.8	104.2	96.5	102.6	117.8	up
PMI Manufacturing (Index)	43.5	41.2	42.5	41.4	49.6	51.0	52.8	52.9	54.5	57.3	59.4	61.3		up
Real Retail Sales (% YoY)	-5.2	-18.3	7.9	3.8	4.2	4.5	2.4	5.5	2.9	5.4	-0.5			down
Trade Balance (Billion, CHF)	3.9	4.0	2.6	3.2	3.3	3.5	3.0	3.9	4.5	2.8	5.0	3.7		up
CPI (% YoY)	-0.5	-1.1	-1.4	-1.3	-0.9	-0.9	-0.8	-0.6	-0.7	-0.8	-0.5	-0.5		up
<b>Japan</b>	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Trend*
Nomura Manufacturing PMI (Index)	44.8	41.9	38.4	40.1	45.2	47.2	47.7	48.7	49.0	50.0	49.8	51.4	52.0	up
Machine Orders (% YoY)	-0.7	-17.7	-16.3	-22.5	-16.2	-15.2	-11.5	2.8	-11.3	11.8	1.5			up
Industrial Production (% YoY)	-5.2	-15.0	-26.3	-18.2	-15.5	-13.8	-9.0	-3.0	-3.9	-2.6	-5.2	-2.6		up
ECO Watchers Survey (Index)	15.9	9.5	15.4	38.0	41.3	43.3	48.7	53.6	46.1	36.5	30.1	40.7		down
Jobs to Applicants Ratio (Index)	1.4	1.3	1.2	1.1	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1		up
Labour Cash Earnings (% YoY)	0.1	-0.7	-2.3	-2.0	-1.5	-1.3	-0.9	-0.7	-1.8	-3.0	-0.8			down
Department Store Sales (% YoY)	-33.4	-72.8	-65.6	-19.1	-20.3	-22.0	-33.6	-1.7	-14.3	-13.7	-29.7	-10.7		down
Money Supply M2 (% YoY)	3.2	3.7	5.1	7.2	7.9	8.6	9.0	9.0	9.1	9.1	9.4	9.6		up
CPI Ex Food & Energy (% YoY)	0.3	-0.1	0.1	0.2	0.3	-0.4	-0.3	-0.4	-0.4	-0.5	0.2	0.3		up
Exports (% YoY)	-11.7	-21.9	-28.3	-26.2	-19.2	-14.8	-4.9	-0.2	-4.2	2.0	6.4	-4.5		up
<b>China</b>	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Trend*
PMI Manufacturing (Index)	52.0	50.8	50.6	50.9	51.1	51.0	51.5	51.4	52.1	51.9	51.3	50.6	51.9	down
Industrial Production (% YoY)	-1.1	3.9	4.4	4.8	4.8	5.6	6.9	6.9	7.0	7.3				down
Retail Sales (% YoY)	-15.8	-7.5	-2.8	-1.8	-1.1	0.5	3.3	4.3	5.0	4.6				down
PPI (% YoY)	-1.5	-3.1	-3.7	-3.0	-2.4	-2.0	-2.1	-2.1	-1.5	-0.4	0.3	1.7		up
Exports (% YoY)	-6.9	3.1	-3.5	0.2	6.8	9.1	9.4	10.9	20.6	18.1	24.8	154.9		up
CPI (% YoY)	4.3	3.3	2.4	2.5	2.7	2.4	1.7	0.5	-0.5	0.2	-0.3	-0.2		down
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	12.5	neutral
GDP (% YoY)	-6.8			3.2			4.9			6.5				up
PMI Non Manufacturing (Index)	52.0	50.8	50.6	50.9	51.1	51.0	51.5	51.4	52.1	51.9	51.3	50.6	51.9	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m

## Appendix 5

### Economic data

<b>Australia</b>	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Trend*
AIG Manufacturing (Index)	53.7	35.8	41.6	51.5	53.5	49.3	46.7	56.3	52.1	55.3	55.3	58.8	59.9	up
AIG Service (Index)	38.7	27.1	31.6	31.5	44.0	42.5	36.2	51.4	52.9	54.3	54.3	55.8		up
Westpac Consumer Confidence (% MoM)	-3.8	-17.7	16.4	6.3	-6.1	-9.5	18.0	11.9	2.5	4.1	-4.5	1.9	2.6	down
Building Approvals (% YoY)	2.5	7.4	-9.6	-14.1	8.2	2.4	12.3	18.9	17.9	22.5	19.3	20.1		up
Employment Change ('000, MoM)	-5.4	-606.9	-265.9	226.7	112.7	158.6	-49.1	176.8	86.2	46.3	29.5	88.7		down

<b>Brazil</b>	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Trend*
CPI (% YoY)	3.3	2.4	1.9	2.1	2.3	2.4	3.1	3.9	4.3	4.5	4.6	5.2		up
Industrial Production (% YoY)	-0.3	-3.8	-27.6	-21.9	-8.7	-2.7	-2.4	3.8	0.3	2.6	8.2	2.0		up
Retail Sales (% YoY)	4.7	-1.1	-17.1	-7.4	0.5	5.5	6.2	7.3	8.4	3.6	1.3	-0.3		down
Trade Balance (Millions, USD)	3831.8	6001.1	4136.0	7066.2	7945.9	6349.5	5965.8	5320.6	3629.1	56.7	-1125.0	1152.3		down
Budget Balance Primary (Billions, BRL)	-79.7	-115.8	-140.4	-210.2	-86.9	-121.9	-103.4	-30.9	-20.1	-75.8	17.9	-41.0		up

<b>Chile</b>	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Trend*
IMACEC Economic Activity Index (% YoY)	-3.47	-14.29	-15.52	-13.61	-11.29	-11.04	-4.84	-1.16	0.28	-0.37	-3.12			up
CPI (% YoY)	3.74	3.42	2.75	2.63	2.50	2.45	3.09	2.95	2.73	2.97	3.12	2.85		up
Retail Sales (% YoY)	-32.07	-29.09	-24.34	-17.41	3.36	10.41	19.79	24.80	9.67	5.87	4.04			down
Industrial Production (% YoY)	0.99	-4.02	-6.02	-2.62	-3.38	-4.88	1.95	3.54	-0.42	-3.61	-2.40	-3.40		down
Unemployment (%)	8.20	9.00	11.20	12.20	13.10	12.90	12.30	11.60	10.80	10.30	10.20	10.30		down

<b>Mexico</b>	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Trend*
PMI (Index)	44.1	40.6	38.0	43.2	48.1	45.7	46.8	49.7	49.0	48.7	49.5	49.1		up
CPI (% YoY)	3.3	2.2	2.8	3.3	3.6	4.1	4.0	4.1	3.3	3.2	3.5	3.8		down
Retail Sales (% YoY)	-2.0	-23.8	-23.8	-16.7	-12.6	-10.8	-7.1	-7.1	-5.1	-5.9	-7.6			up
Industrial Production (% YoY)	-5.6	-35.2	-36.9	-16.2	-8.9	-9.3	-3.1	-1.3	-2.1	2.5	-3.4			up
Remittances (Millions, USD)	4044.8	2909.5	3445.4	3537.0	3531.9	3574.2	3570.4	3598.3	3381.2	3661.0	3297.9			down

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



**Disclaimer and cautionary statement**

This publication has been prepared by Zurich Insurance Group Ltd and the opinions expressed therein are those of Zurich Insurance Group Ltd as of the date of writing and are subject to change without notice.

This publication has been produced solely for informational purposes. The analysis contained and opinions expressed herein are based on numerous assumptions concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies. Different assumptions could result in materially different conclusions. All information contained in this publication have been compiled and obtained from sources believed to be reliable and credible but no representation or warranty, express or implied, is made by Zurich Insurance Group Ltd or any of its subsidiaries (the 'Group') as to their accuracy or completeness.

Opinions expressed and analyses contained herein might differ from or be contrary to those expressed by other Group functions or contained in other documents of the Group, as a result of using different assumptions and/or criteria.

The Group may buy, sell, cover or otherwise change the nature, form or amount of its investments, including any investments identified in this publication, without further notice for any reason.

This publication is not intended to be legal, underwriting, financial investment or any other type of professional advice. No content in this publication constitutes a recommendation that any particular investment, security, transaction or investment strategy is suitable for any specific person. The content in this publication is not designed to meet any one's personal situation. The Group hereby disclaims any duty to update any information in this publication.

Persons requiring advice should consult an independent adviser (the Group does not provide investment or personalized advice).

The Group disclaims any and all liability whatsoever resulting from the use of or reliance upon publication. Certain statements in this publication are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans, developments or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, developments and plans and objectives to differ materially from those expressed or implied in the forward-looking statements.

The subject matter of this publication is also not tied to any specific insurance product nor will it ensure coverage under any insurance policy.

This publication may not be reproduced either in whole, or in part, without prior written permission of Zurich Insurance Group Ltd, Mythenquai 2, 8002 Zurich, Switzerland. Neither Zurich Insurance Group Ltd nor any of its subsidiaries accept liability for any loss arising from the use or distribution of publication. This publication is for distribution only under such circumstances as may be permitted by applicable law and regulations. This publication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

---

Zurich Insurance Company Ltd  
Investment Management  
Mythenquai 2  
8002 Zurich

173001630 01/16) TCL

