

Monthly Investment Insights

Equities should recover after the swoon



Source: Bloomberg

Global equities suffered a significant rout last month with many stock indices seeing double-digit declines, as investor angst rose regarding a US-China trade war, upcoming US mid-term elections, a hawkish Fed and elevated yields of US Treasuries, and Italian bonds. All of these factors have caused solid earnings reports to fade into the background while cautiousness on outlooks came to dominate investor sentiment. While a consolidation in risk assets and especially US equities was due in our view, the recent correction seems to have gone further than what is fundamentally warranted. The global economic and market cycle has further to run and we expect stocks to rebound from current oversold levels, driven by two key factors: supportive fundamentals and Chinese stimulus.

First and foremost, a recognition from investors that despite the noise, fundamentals remain supportive for stocks, is overdue. The US earnings season continues with positive surprises dominating and earnings growing by around 23% and sales by 8%, both on a year-on-year basis. While investor pessimism has focussed on signs of caution in outlooks, this was the case even during Q1 and Q2, when many investors were concerned about a peak in earnings. While the pace of growth in earnings will moderate, it should still remain healthy and most importantly, we don't think that earnings have peaked just yet. Even in Europe, we expect earnings to grow at a solid pace of high single digits. The strong earnings growth will sustain higher dividends and buybacks, as corporate management continues to favour shareholders over creditors. As the cycle has further to run, we expect these trends to remain in place, and with several tactical indicators pointing to oversold levels, we think these fundamentals warrant a recovery in stocks.

The second factor that should support stocks is the bolstering of global economic growth from the latest Chinese stimulus. We believe that Chinese policymakers are determined to reduce downside risks to growth and were spurred by the recent weakness in activity. The looser monetary policy, as well as consumer tax cuts and infrastructure spending, should be supportive for China and EM economies that have recently suffered from the double whammy of tighter monetary policy exported by the Fed, along with a slowdown in China. This stimulus is already being cautiously welcomed by some China and EM related assets and we expect this to filter into a better risk on environment going forward.

Market Assessment

Key developments

- Global stock markets suffer a rout, with several indices experiencing double-digit declines
- Bond markets suffer declines across credit, US Treasuries and peripheral government bonds
- Global economic activity slows amid tighter financial conditions, while China injects fresh stimulus

Zurich's view

While we had expected a consolidation in risk assets, particularly in US stocks, we think that the recent stock market rout and investor pessimism has gone too far. We therefore expect stocks to rebound from current levels. Not only do they appear oversold on a number of metrics, but fundamentals in terms of earnings growth remain supportive amid a slowing but still healthy global economic environment. The economic and market cycle has further to run and this makes a case for investors to remain invested in stocks.

As has been our stance for some time, we don't see much upside in credit, which should underperform stocks. We remain concerned about not only tight spreads and the favouring of shareholders over creditors, but also about the fragility of European banks.

While global economic growth has been moderating for some time, it still remains healthy. Within large developed economies, US activity indicators still remain solid, although the housing market is soft. Growth in the Eurozone is weakening but is still above trend. Most importantly, amid normalising monetary policy and tightening financial conditions, China has injected fresh stimulus, which we think should be supportive.

Key developments

Zurich's view

Global

- Global economic data show growth slowing quickly, though still remaining at a healthy pace
- Financial conditions tighten further as central banks continue to withdraw liquidity and hike rates
- China is alone in injecting stimulus, providing an offset to global financial tightening and helping to stabilise sentiment and activity in the region

Led by a decline in manufacturing activity, global data have weakened confirming our view that growth has peaked. We expect conditions to stabilise, though, as activity is strong in the US and rebounding in Japan while stimulus injections in China should boost Chinese demand. EMs more broadly have stabilised after a turbulent period, but tighter financial conditions will drag on growth in these regions. China is alone in injecting stimulus and policy is tightening elsewhere, with rate hikes in Canada, Chile and Singapore in October. Inflation is not a problem globally and there is no urgency for central banks to remove stimulus. Should growth slip and financial market turbulence intensify, a pause in stimulus would be needed to prevent a deeper dip in sentiment and activity.

US

- The S&P 500 erases year-to-date gains despite solid economic data and strong earnings
- The ISM Non-Manufacturing index soars to a 20-year high
- Hawkish Fed comments push 10yr Treasury yields to the highest level in seven years

US firms are reporting another set of strong data with earnings growth again surpassing 20% YoY and sales growing at around 8% YoY in Q3. Despite this, the US stock market suffered its worst setback since the correction earlier this year as investors worry about higher yields and an escalation of the trade dispute with China, also reflected in a number of company outlooks. Hawkish Fed comments drove 10yr Treasury yields to a seven-year high despite headline inflation softening to 2.3% YoY in September from 2.7% the month before. Business activity remains buoyant with the ISM Non-Manufacturing index soaring to a 20-year high. Housing continues to be a soft spot in an otherwise strong economic environment with building permits falling for the fifth time in the last six months and new home sales dropping to the lowest level since December 2016.

UK

- Business activity is holding up while inflation recedes
- Wages are growing at the fastest rate in almost a decade
- The EU and the UK fail to agree on Brexit withdrawal terms in time for the October summit

With the EU summit having passed without a divorce agreement time is running short to find a solution. A major obstacle remains the challenge of avoiding a hard border between Northern Ireland and the Republic of Ireland. While an agreement between the UK and the EU still seems possible, the necessary compromises increase the risk of the deal being rejected in the British parliament. Despite the uncertainty the British economy is holding up reasonably well. The unemployment rate remains at the lowest level in more than 40 years and wages (excluding bonuses) have grown at the fastest rate in almost a decade. At the same time, inflationary pressure has been weakening with headline CPI rates falling to 2.4% YoY in September from 2.7% in August and Core CPI down to 1.9% YoY from 2.1%.

Eurozone

- Weaker data point to growth only slightly above trend as the Eurozone moves into 2019
- The European Commission rejects Italy's 2.4% budget deficit target for 2019
- Moody's downgrades Italy's credit rating, but changes the outlook to stable

The composite PMIs for the Eurozone in October point to a deceleration in growth to only slightly above trend in Q4. However, other indicators such as lending growth and consumer confidence are more upbeat, suggesting that overall the recovery continues, albeit at a more modest pace. The European Commission (EC) formally rejected Italy's spending plan for 2019, saying that it went against the principles of the Stability and Growth Pact. Nevertheless, Italy plans to go ahead with its 2.4% budget deficit target, and Italian banks have come under increasing focus from regulators and investors. We think ultimately a compromise between Italy and the EC is likely, but more market volatility may be needed beforehand to apply pressure on policymakers.

Switzerland

- Economic conditions normalise as the export led manufacturing boom fades, with growth falling back towards trend
- Employment growth remains strong, helping to support broader sentiment and demand, which in turn are offsetting external weakness
- Inflation remains low and we maintain our view that the SNB will keep policy unchanged this year

The Swiss economy is expanding at a solid rate, but has exited the export led manufacturing boom with more normal conditions returning. The manufacturing PMI has slipped to the lowest level since mid 2017. It still points to solid activity, however, with employment growth remaining firm. Trade data show a similar picture with export growth slowing precipitously in Q3, following a sharp expansion in Q2. While external demand is weakening, the KOF indicator, which is a broader measure of activity, is holding up at a good level, indicating growth in line with trend, slightly below 2% YoY. Inflation has declined as we had expected. With CPI inflation at 1% YoY and the core measure at only 0.4%, we maintain our view that the SNB will not be in a hurry to remove stimulus.

Japan

- Growth is expected to normalise again following the negative impact of natural disasters over the summer
- Strong capex remains the main pillar supporting the economy
- The MSCI Japan gave up some of the recent relative gains it had achieved versus global equities

Q3 economic data were heavily impacted and distorted by a series of natural disasters. We expect GDP growth to have slowed, but to have avoided a negative print on a QoQ basis. Growth should pick up steam again in the current quarter. Capex remains the driving force, as the latest Tankan corporate survey and strong core machinery orders for August have revealed. A slightly stronger manufacturing component in the Reuters Tankan as well as a pickup in the Manufacturing PMI for October suggest a solid outlook for the rest of the year. Japanese equities could not maintain their strong outperformance versus global equities seen from mid-September to mid-October, giving up some of these gains during the latest market turmoil, in line with currency volatility.

China

- The US steps up its hostile trade rhetoric against China prior to the meeting between Xi Jinping and Donald Trump
- Mixed economic data prompt further policy action on the monetary and fiscal fronts
- Capital outflows increase in September, and the Chinese yuan continues to depreciate

China's economy remains in the doldrums, with lacklustre real retail sales and industrial production disappointing consensus expectations once again. The government is taking further measures to stimulate growth, though they pale compared to previous occasions. Households will benefit from reductions in tax and social security contributions, which should help consumption. Meanwhile, monetary policy has been loosened via another RRR cut. We continue to monitor aggregate financing data for signs that policy stimulus is feeding through to the economy. The PBoC is leaning against a wave of global monetary tightening, which has weighed on the yuan. Capital outflows also accelerated in September. Going forward, outflow pressures will probably limit room for further policy action.

Australia

- Q3 CPI inflation slows to 1.9% YoY, returning below the RBA's target band
- Political uncertainty increases as the government loses its majority in the House of Representatives
- The gap between stronger iron ore prices and a weaker trade-weighted AUD widens

Underlying inflation was disappointingly weak in Q3. Downward pressures on housing and household good prices, two major components of the CPI basket, are expected to persist in 2019. However, the labour market continues to tighten, and we expect wages to rise at a faster pace going forward. In September, both the underemployment and unemployment rate fell, with the latter reaching the RBA's NAIUR estimate of 5%. Despite this milestone, the central bank retained a neutral tone and indicated that wage growth was its primary focus. The RBA also sounded more cautious in its assessment of the consumer's financial situation. As the RBA holds while the US Fed tightens, the Australian sovereign spread to US Treasuries is likely to stay deep in negative territory until late 2019.

ASEAN

- ASEAN exports weaken, led by mining, agricultural, and to a lesser extent, electronic products
- Bank Indonesia (BI) keeps its policy rate unchanged as the focus shifts to import substitution and FX hedging reforms
- ASEAN participates in the global risk asset sell-off. Despite attractive valuations, we see little sign of stabilisation in Asian markets

Indonesia posted a current account surplus in September. We expect recent policy actions to curb imports effectively towards 2019. In the meantime, BI will probably deliver one more rate hike. In Malaysia, officials hinted that the initial 2.8% target for the 2018 fiscal deficit was likely to be breached as the government wishes to settle off-budget infrastructure spending and tax refunds accumulated by its predecessors. In contrast, the soon-to-be-announced 2019 budget is likely to streamline expenses and introduce revenue enhancing measures. This suggests a slower pace of growth in 2019. Despite this short-term impact, by addressing the issue of government liabilities, Malaysia takes a positive step towards long-term economic sustainability.

Valuation snapshot (MSCI Indices)

Current trailing valuations

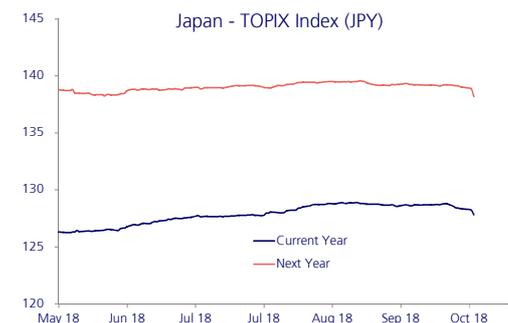
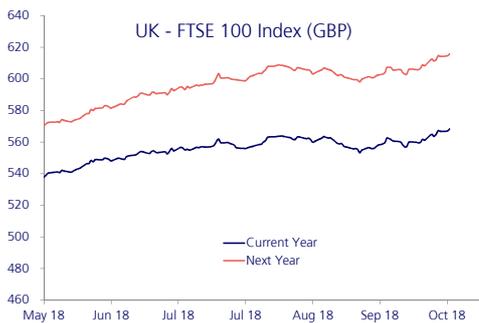
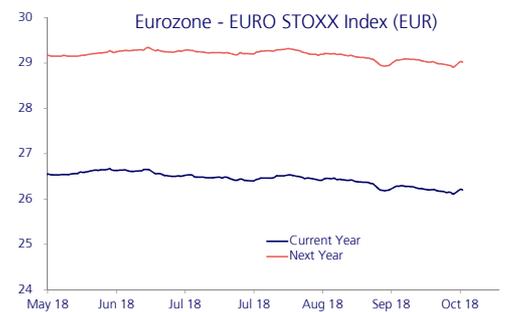
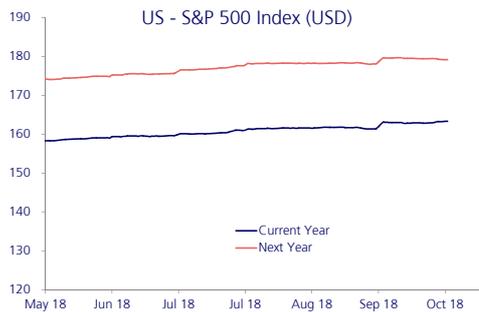
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	22.75	16.69	15.18	21.15	14.12	13.45	13.29	16.53	21.28
12m Trailing P/B	3.51	1.86	1.74	2.65	1.42	1.65	1.72	1.80	2.38
12m Trailing P/CF	14.85	7.76	9.66	14.11	7.44	8.40	6.88	9.80	8.22
Dividend Yield	1.85	3.22	4.19	3.12	2.08	2.88	2.17	3.74	2.30
ROE	15.41	11.14	11.46	12.53	10.02	12.26	12.96	10.86	11.17

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.23	0.91	0.82	1.15	0.77	0.73	0.72	0.90	1.15
12m Trailing P/B	1.49	0.79	0.74	1.12	0.60	0.70	0.73	0.76	1.01
12m Trailing P/CF	1.37	0.71	0.89	1.30	0.69	0.77	0.63	0.90	0.76
Dividend Yield	0.77	1.35	1.75	1.31	0.87	1.20	0.91	1.56	0.96
ROE	1.20	0.87	0.90	0.98	0.78	0.96	1.01	0.85	0.87

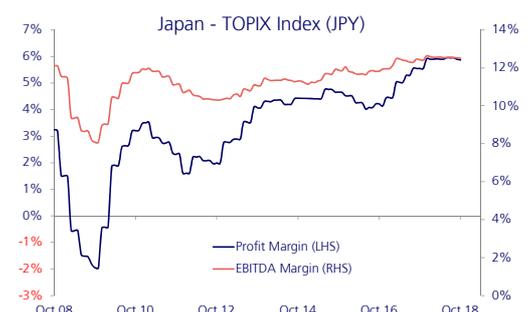
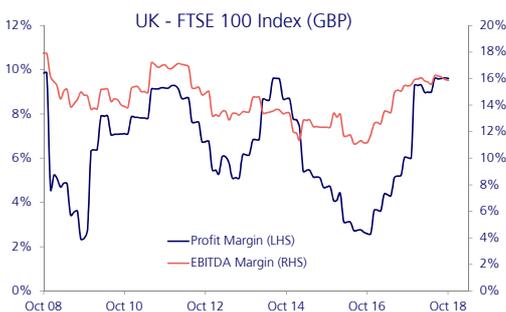
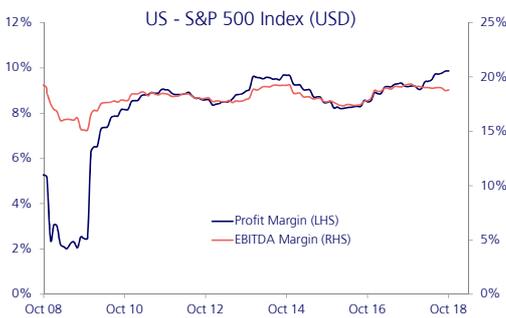
Source: Datastream

Earnings estimates - Full fiscal years



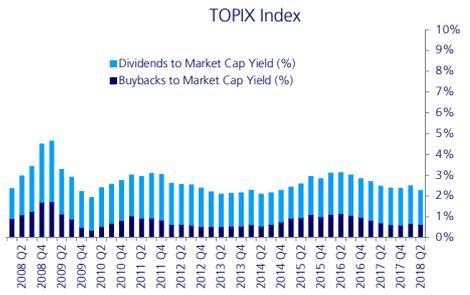
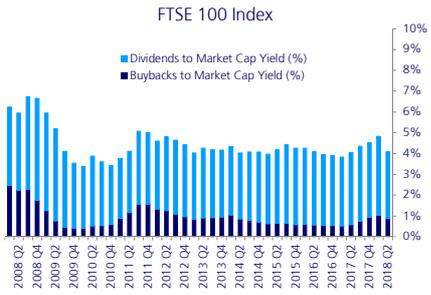
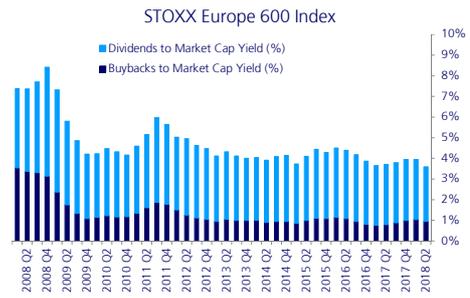
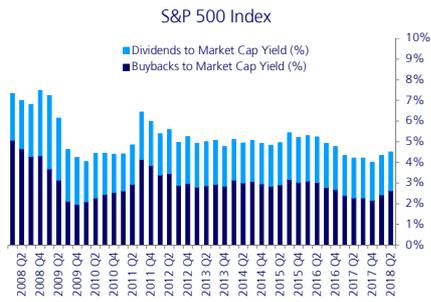
Source: Bloomberg

Historical margins



Source: Bloomberg

Dividends and shares buybacks



Source: Bloomberg

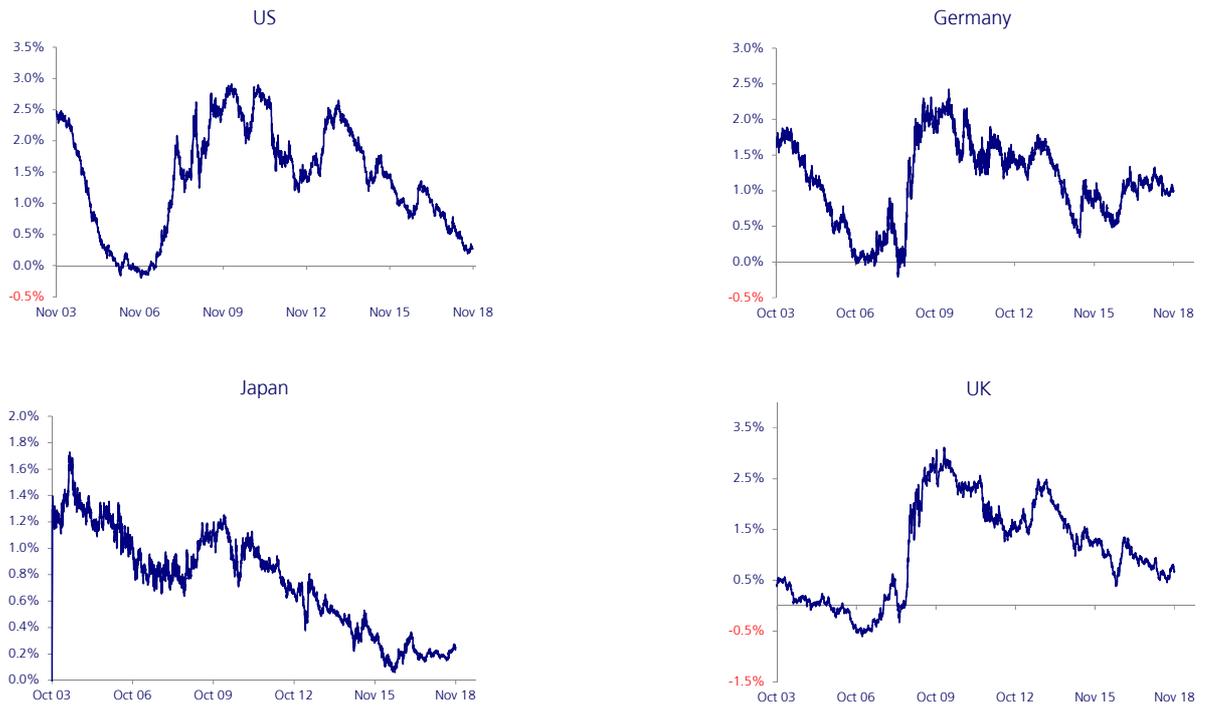
Overbought / Oversold



Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Oct-18	1m ago	3m ago	1yr ago
UK	-170	-149	-161	-105
Germany	-276	-259	-253	-202
Switzerland	-315	-302	-299	-246
Japan	-301	-293	-286	-231
Australia	-51	-39	-26	29
China	39	56	49	151
South Korea	-90	-71	-41	20
Malaysia	96	101	105	157
Indonesia	540	505	479	442
Thailand	-31		-26	-6
Philippines	92	n/a	n/a	n/a
Brazil	698	n/a	833	750
Mexico	589	488	475	489
Colombia	406	383	390	423
Peru	270	255	240	300

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Oct-18	1m ago	3m ago	1yr ago
France	37	33	32	39
Netherlands	13	11	10	11
Belgium	39	36	34	24
Austria	22	21	18	18
Ireland	57	52	47	22
Italy	304	268	245	146
Spain	116	103	100	110
Portugal	149	141	135	171

Source: Bloomberg, ZIG

Economic data

US	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Trend*
ISM Manufacturing (Index)	60.2	58.5	58.2	59.3	59.1	60.8	59.3	57.3	58.7	60.2	58.1	61.3	59.8	up
ISM Non-Manufacturing (Index)	59.4	59.8	57.3	56.0	59.9	59.5	58.8	56.8	58.6	59.1	55.7	58.5	61.6	up
Durable Goods (% MoM)	4.7	-4.1	2.2	3.2	-4.2	4.5	2.7	-1.0	-0.3	0.9	-1.2	4.6	0.8	up
Consumer Confidence (Index)	120.6	126.2	128.6	123.1	124.3	130.0	127.0	125.6	128.8	127.1	127.9	134.7	135.3	up
Retail Sales (% MoM)	5.2	5.3	6.1	5.3	3.9	4.5	5.1	4.8	6.4	6.1	6.6	6.5	4.7	up
Unemployment Rate (%)	4.2	4.1	4.1	4.1	4.1	4.1	4.1	3.9	3.8	4.0	3.9	3.9	3.7	down
Avg Hourly Earnings YoY (% YoY)	2.6	2.2	2.3	2.4	2.4	2.5	2.6	2.6	2.7	2.8	2.8	2.9	2.7	up
Change in Payrolls ('000, MoM)	14.0	271.0	216.0	175.0	176.0	324.0	155.0	175.0	268.0	208.0	165.0	270.0	134.0	down
PCE (% YoY)	1.5	1.6	1.6	1.6	1.6	1.7	2.0	1.9	2.0	2.0	2.0	2.0	2.0	up
GDP (% QoQ, Annualized)	2.8			2.3			2.2			4.2			3.5	down
UK	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Trend*
PMI Services (Index)	53.6	55.6	53.8	54.2	53.0	54.5	51.7	52.8	54.0	55.1	53.5	54.3	53.9	down
Consumer Confidence (Index)	-9.0	-10.0	-12.0	-13.0	-9.0	-10.0	-7.0	-9.0	-7.0	-9.0	-10.0	-7.0	-9.0	down
Unemployment Rate (%)	4.3	4.3	4.3	4.4	4.3	4.2	4.2	4.2	4.2	4.0	4.0	4.0		down
CPI (% YoY)	3.0	3.0	3.1	3.0	3.0	2.7	2.5	2.4	2.4	2.4	2.5	2.7	2.4	up
GDP (% YoY)	1.8			1.4			1.1			1.2				
Eurozone	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Trend*
PMI Manufacturing (Index)	58.1	58.5	60.1	60.6	59.6	58.6	56.6	56.2	55.5	54.9	55.1	54.6	53.2	down
PMI Services (Index)	55.8	55.0	56.2	56.6	58.0	56.2	54.9	54.7	53.8	55.2	54.2	54.4	54.7	down
IFO Business Climate (Index)	103.8	104.5	105.4	105.1	105.1	104.3	103.7	102.3	102.5	102.0	101.8	103.9	103.7	up
Industrial Production (% MoM)	0.0	0.1	1.4	-0.1	-0.7	-0.8	0.4	-0.6	1.4	-0.7	-0.7	1.0		down
Factory Orders GE (% MoM)	0.6	0.8	0.2	2.6	-3.6	-0.3	-0.6	-1.3	2.3	-3.9	-0.9	2.0		down
Unemployment Rate (%)	8.9	8.8	8.7	8.6	8.6	8.5	8.5	8.4	8.2	8.2	8.1	8.1	8.1	down
M3 Growth (% YoY, 3 months MA)	5.2	5.0	4.9	4.6	4.6	4.3	3.7	3.8	4.0	4.5	4.0	3.4	3.5	down
CPI (% YoY)	1.5	1.4	1.5	1.4	1.3	1.1	1.3	1.3	1.9	2.0	2.1	2.0	2.1	up
Core CPI (% YoY)	1.1	0.9	0.9	0.9	1.0	1.0	1.0	0.8	1.1	0.9	1.1	0.9	0.9	up
GDP (% QoQ)	0.7			0.7			0.4			0.4			0.2	down
Switzerland	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Trend*
KOF Leading Indicator (Index)	104.4	106.1	108.0	110.1	106.5	105.1	102.6	103.2	100.0	100.4	101.6	98.9	102.2	down
PMI Manufacturing (Index)	62.2	61.5	64.6	65.6	65.3	65.5	60.3	63.6	62.4	61.6	61.9	64.8	59.7	down
Real Retail Sales (% YoY)	0.3	-2.0	0.4	1.6	-0.4	-0.2	-1.2	2.9	0.7	0.3	-0.9	0.4		down
Trade Balance (Billion, CHF)	2.8	2.3	2.6	2.6	2.1	3.2	1.7	2.3	2.9	2.6	2.1	2.1	2.4	down
CPI (% YoY)	0.7	0.7	0.8	0.8	0.7	0.6	0.8	0.8	1.0	1.1	1.2	1.2	1.0	up
Japan	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Trend*
Nomura Manufacturing PMI (Index)	52.9	52.8	53.6	54.0	54.8	54.1	53.1	53.8	52.8	53.0	52.3	52.5	52.5	down
Machine Orders (% YoY)	-3.5	2.3	4.1	-5.0	2.9	2.4	-2.4	9.6	16.5	0.3	13.9	12.6		up
Industrial Production (% YoY)	2.5	5.7	3.6	4.5	2.9	1.6	2.4	2.6	4.2	-0.9	2.2	0.2	-2.9	down
ECO Watchers Survey (Index)	49.6	49.9	52.4	53.9	49.1	48.4	51.7	50.9	47.7	48.2	47.5	48.1	47.3	down
Jobs to Applicants Ratio (Index)	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	up
Labour Cash Earnings (% YoY)	0.9	0.2	0.9	0.9	1.2	1.0	2.0	0.6	2.1	3.3	1.6	0.8		up
Department Store Sales (% YoY)	4.4	-1.8	2.2	-0.6	-1.2	-0.9	0.1	0.7	-2.0	3.1	-6.1	-0.2	-3.0	down
Money Supply M2 (% YoY)	4.0	4.1	4.0	3.6	3.4	3.2	3.1	3.2	3.2	3.1	2.9	2.9	2.8	down
CPI Ex Food & Energy (% YoY)	0.0	0.0	0.1	0.1	0.1	0.3	0.3	0.1	0.1	0.0	0.0	0.2	0.1	up
Exports (% YoY)	14.1	14.0	16.2	9.4	12.3	1.8	2.1	7.8	8.1	6.7	3.9	6.6	-1.3	down
China	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Trend*
PMI Manufacturing (Index)	52.4	51.6	51.8	51.6	51.3	50.3	51.5	51.4	51.9	51.5	51.2	51.3	50.8	down
Industrial Production (% YoY)	6.6	6.2	6.1	6.2			6.0	7.0	6.8	6.0	6.0	6.1	5.8	down
Retail Sales (% YoY)	10.3	10.0	10.2	9.4		9.7	10.1	9.4	8.5	9.0	8.8	9.0	9.2	up
PPI (% YoY)	6.9	6.9	5.8	4.9	4.3	3.7	3.1	3.4	4.1	4.7	4.6	4.1	3.6	up
Exports (% YoY)	7.9	6.3	11.5	10.9	10.6	43.5	-3.0	12.0	12.0	10.5	11.4	9.1	14.5	up
CPI (% YoY)	1.6	1.9	1.7	1.8	1.5	2.9	2.1	1.8	1.8	1.9	2.1	2.3	2.5	up
RRR (%)	17.0	17.0	17.0	17.0	17.0	17.0	17.0	16.0	16.0	16.0	15.5	15.5	15.5	down
GDP (% YoY)	6.8			6.8			6.8			6.7			6.5	down
PMI Non Manufacturing (Index)	52.4	51.6	51.8	51.6	51.3	50.3	51.5	51.4	51.9	51.5	51.2	51.3	50.8	down
Aggregate Financing (Billions, CNY)	1833.5	1035.7	1612.8	1148.1	3055.0	1165.1	1349.4	1582.4	763.6	1181.6	1040.0			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Appendix 5

Economic data

Australia	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Trend*
AiG Manufacturing (Index)	54.2	51.1	57.3	56.2	58.7	57.5	63.1	58.3	57.5	57.4	52.0	56.7	59.0	down
AiG Service (Index)	52.1	51.4	51.7	52.0	54.9	54.0	56.9	55.2	59.0	63.0	53.6	52.2	52.5	down
Westpac Consumer Confidence (% MoM)	2.5	3.6	-1.7	3.6	1.8	-2.3	0.2	-0.6	-0.6	0.3	3.9	-2.3	-3.0	down
Building Approvals (% YoY)	2.9	18.2	23.9	-2.3	15.3	1.6	18.4	-0.2	5.1	2.3	-6.5	-12.6	-14.1	down
Employment Change ('000, MoM)	30.7	4.4	62.7	33.8	41.0	-6.1	5.3	18.5	14.7	60.8	-4.6	44.6	5.6	down

Brazil	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Trend*
CPI (% YoY)	2.5	2.7	2.8	3.0	2.9	2.8	2.7	2.8	2.9	4.4	4.5	4.2	4.5	up
Industrial Production (% YoY)	4.0	2.6	5.5	4.8	4.8	5.9	2.0	1.1	9.1	-6.4	3.4	4.2	2.0	up
Retail Sales (% YoY)	3.6	6.2	2.6	6.0	4.0	3.1	1.5	8.0	0.6	2.7	1.4	-1.0	4.1	down
Trade Balance (Millions, USD)	5178.0	5201.0	3546.0	4998.0	2816.0	5002.0	6420.0	5935.0	5981.0	5882.0	4227.0	3775.0	4971.0	down
Budget Balance Primary (Billions, BRL)	-53.3	-30.5	-30.0	-65.6	18.6	-45.8	-57.6	-26.8	-47.9	-57.9	-29.2	-76.9	-39.2	down

Chile	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Trend*
IMACEC Economic Activity Index (% YoY)	2.34	3.45	3.56	2.79	4.09	4.20	4.72	6.20	4.89	4.90	3.32	3.22		down
CPI (% YoY)	1.50	1.90	1.90	2.30	2.20	2.00	1.80	1.90	2.00	2.50	2.70	2.60	3.10	up
Retail Sales (% YoY)	3.81	3.43	5.56	4.24	3.86	3.55	3.90	6.17	2.91	6.17	-0.06	4.79		down
Industrial Production (% YoY)	0.55	3.84	2.33	0.10	5.26	8.84	8.72	7.57	3.66	5.08	-1.65	-1.77	-3.15	down
Unemployment (%)	6.70	6.70	6.50	6.40	6.50	6.70	6.90	6.70	7.00	7.20	7.30	7.30	7.10	up

Mexico	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Trend*
PMI (Index)	52.4	52.5	52.5	52.4	51.6	52.9	53.5	51.3	51.3	52.3	50.4	51.6	51.5	down
CPI (% YoY)	6.4	6.4	6.6	6.8	5.6	5.3	5.0	4.6	4.5	4.7	4.8	4.9	5.0	up
Retail Sales (% YoY)	-0.3	-0.1	-1.5	-2.0	0.5	1.2	1.2	3.3	2.5	3.7	4.2	3.9		up
Industrial Production (% YoY)	2.5	2.9	2.6	-0.1	1.3	0.7	-2.4	5.4	2.7	2.2	2.4	2.1		up
Remittances (Millions, USD)	2489.2	2842.5	2420.8	2760.6	2267.6	2244.4	2674.8	2760.9	3155.9	3140.7	2866.5	2856.2		up

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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