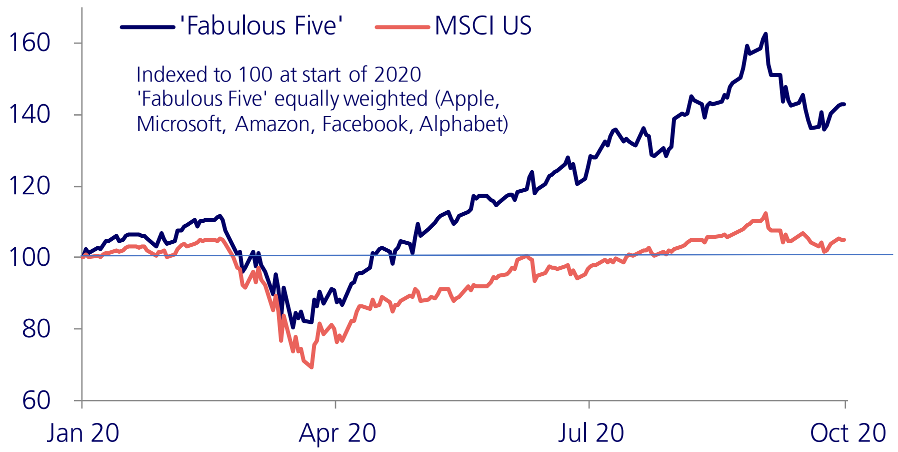
October 1, 2020

Monthly Investment Insights

Global equities are hit by a healthy correction



Source: Bloomberg

The rally in major global tech stocks was at last interrupted by an overdue correction in September as rich valuations and signs of excessive retail investor speculation caused a sell-off in the market segment. Broader US market indices, such as the MSCI US or the S&P 500, were hit in tandem. The MSCI US, a broad weighted average of 618 US companies, had been hijacked by its top five stocks, which have a combined a weight of roughly one fifth of the index. All are well known tech stocks: Apple, Microsoft, Amazon, Facebook and Alphabet (Google). These stocks had been driving the market rally, their average value up by roughly 80% from their pandemic induced low in March to their record high in early September.

The latest correction pushed these stocks down by more than 16%, pulling the broad MSCI US index down by more than 10% with them, while the MSCI World lost around 8%, before a recovery set in. Market participants are now split into two camps: those who anticipate further downside potential, while others believe that this is a healthy correction that refreshes. We tend to concur with the latter view for three simple reasons: Firstly, earnings have been exceeding analyst consensus expectations and are expected to do so again in the upcoming quarterly earnings season, whereas tech stocks were suffering losses during the tech bubble twenty years ago. Secondly, it is believed that ample liquidity provided by global central banks following the outbreak of COVID-19 will continue fuelling risk assets. Thirdly, overall market sentiment is not overly bullish now that some excesses among retail investors have been cleared.

With government bonds stable, a balanced view towards risk assets seems appropriate to us. Credit markets were mostly resilient through the equity sell-off, although outflows from high yield ETFs caused some volatility. We stick to our constructive credit view.

Nevertheless, various risks should not be neglected, particularly concerning a prolongation of the first COVID-19 wave or accelerating second waves. An adjourned US presidential election outcome may be a risk that could drag on for the rest of the year, while intensifying geopolitical risks, including issues between China and other countries as well as renewed threats of an uncoordinated Brexit, need to be monitored. We believe, however, that the global economic and earnings recovery as well as ample liquidity will remain the driving forces for risk assets.

Market Assessment

Key developments

- Europe suffers from second wave COVID-19 outbreaks, while other countries still struggle with the first wave. The global death toll exceeds one million.
- In Japan, Prime Minister Yoshihide Suga takes over from Shinzo Abe following his resignation. Policies are expected to remain stable.
- China's economic activity is nearly back to normal, with lags in services consumption expected to abate.

Zurich's view

Our view towards risk assets versus safe government bonds is balanced, with a tilt towards credit. Opportunities and risks appear more balanced for equities, even though a preference towards equities versus bonds may be building up considering that the recent correction looks refreshing rather than the start of a more prolonged tailspin.

Government bonds are range trading and are not expected to break out in either direction in the near term. Upside to yields is limited despite the V-shaped recovery, given ongoing central bank purchases and low inflation. Downside to developed market yields is also limited as central banks are unlikely to cut rates further and reflect the ongoing economic recovery.

The medium-term outlook for credit remains constructive, due to an improving fundamental trajectory, strong supply/demand conditions amid the liquidity glut, and attractive valuations versus government bonds. However, European financials appear less attractive versus US financials and investment grade credit.

	Key developments	Zurich's view
Global	• Global economic activity rises further, helped by a rebound in consumption and manufacturing activity while services face headwinds • The recovery should remain on track, bolstered by profound support measures, but rising infection rates and local lockdowns pose a risk to the outlook • Fiscal and monetary stimulus need to be extended and adjusted as required, a failure to do so will choke off a fragile recovery	The global recovery continues, helped by strong consumption and a firm rebound in goods producing sectors, while services face headwinds. The Flash PMIs for September showed this bifurcation, with further gains in manufacturing activity while services fell back, likely reflecting weak demand for travel and hospitality. As we enter the autumn period, conditions are likely to become more challenging, as rising infection rates weigh on sentiment while local lockdowns and social distancing are curtailing spending and activity. To safeguard the next part of the recovery, it will be critical that the policy support mechanism is extended and adjusted as required, as premature scaling back of stimulus would leave us with an incomplete recovery and large job losses.
US	• The S&P 500 corrects more than 10% from its record high reached in early September • The Fed commits to keep rates on hold until inflation rises above 2% • Manufacturing new orders soar while the unemployment rate falls back to 8.4%	The S&P 500 corrected more than 10% from its record high reached in early September, driven by a setback in the large technology companies that had been leading an increasingly narrow rally. There was also some initial disappointment with the Fed's lack of action weighing on investors' sentiment. Although there were no new measures announced at its latest meeting, the FOMC's commitment to keep interest rates on hold until inflation has risen above 2% will have a profound impact on the Fed's future reaction function. Meanwhile, the economy continues to recover from the COVID shock with manufacturing new orders soaring to a 16-year high according to the ISM survey. A better picture has also emerged in the labour market with the unemployment rate falling back to 8.4% in August despite a tick up in the participation rate.
UK	• The economic recovery continues, though at a slower pace as COVID and Brexit uncertainty weigh on the outlook • Households remain cautious as new lockdown measures and potential job losses loom • Chancellor Sunak announces a new job support scheme that will replace the current furlough programme	The economic recovery lost some momentum in September with the Manufacturing and Services PMIs receding to 54.3 and 55.1, respectively. A significant number of companies reported that a lack of consumer confidence and ongoing disruptions to business operations due to the pandemic held back the recovery in September. Households remain cautious as new lockdown measures and potential job losses loom. In this environment it was crucial that Chancellor Sunak announce a new job support programme to replace the current furlough scheme. While the new scheme will continue to support the labour market, employers have to contribute to it as well. We therefore still expect unemployment to rise as not all employers will be willing or able to bear the additional cost.
Eurozone	• Services sector confidence moderates as virus cases pick up • The ECB is likely to do more to bring inflation closer to target • Substantial policy support means medium-term prospects are still bright	Increasing virus cases led to further lockdown measures in September. However, the measures announced so far are much less severe than those of March and April and we expect the recovery in the Eurozone to continue with substantial policy support. The virus situation and the authorities' response to it will need careful monitoring over the winter. Services confidence and activity would be particularly affected by further lockdowns. Inflation remains well below the ECB's target, and this will probably prompt further easing by the central bank in a few months' time. Once the virus situation improves, the medium-term outlook for the European economy and risk assets looks positive given substantial policy support and the EU's EUR 750bn Next Generation EU recovery fund on the fiscal side.
Switzerland	• The Swiss economy remains relatively resilient, with a firm recovery supported by exports and domestic consumption • The environment is deflationary, with strong downward pressure on costs and prices • The SNB remains active in forex markets and policy is expected to be left unchanged beyond 2021	The recovery is on track and the Swiss economy is resilient, despite rising infection rates. Retail sales have risen above the pre COVID level, boosted by a fall in cross-border trade and domestic tourism. Exports rose further in August and are up almost 15% since the trough in May, supported by firm pharma demand. The latest Manufacturing PMI edged above 50, so is consistent with expansion in the sector, though the employment component is still weak. While the real side of the economy is holding up, the pricing environment is deeply deflationary, with consumer, import and producer prices at -0.9%, -6.1% and -2.2% respectively (annual rates), and deflation likely to persist into 2021.

	Key developments	Zurich's view
Japan	• Following Shinzo Abe's resignation, Yoshihide Suga is elected as the new prime minister • The second COVID-19 wave is subsiding, while economic activity is slowly picking up steam • Japanese equities are moving sideways, but outperforming global peers	Newly elected Prime Minister Suga has presented his cabinet and his choices suggest policy continuity. The focus will be on administrative and regulatory reform as well as digitalisation. The second wave of COVID-19 is subsiding, which should help services consumption to pick up. Retail sales growth is petering out following a surge due to pent-up demand. Auto production and exports are recovering following a severe slump. The quarterly corporate Tankan survey shows that corporate activity is slowly picking up, though slower than expected. Particularly smaller companies are still struggling. Although Japanese equities are moving sideways, they are outperforming their global peers, and the yen is hovering in the 104-106 range versus the US dollar.
China	• China's economic activity has mostly recovered to pre-crisis levels • Services consumption has been lagging, but is recovering as well • The rally in Chinese equities is losing some steam	Economic indicators for August have been strong, indicating that China's economic activity has recovered to pre-crisis levels. While infrastructure investment was the driving force in the first stage of the recovery, property and manufacturing investment is catching up. Goods consumption is also brisk, while services consumption is lagging. However, pre national day holiday bookings suggest a pickup in the latter. Mask, medical equipment and home-office related electronic exports have led the export recovery, but other categories are also catching up. The September PMIs suggest that economic activity remains brisk. In early September the MSCI China matched its 13-year high marked in early 2018 but has retreated since then and is now rangebound.
Australia	• Victoria's lockdown eases as the number of daily new COVID-19 cases falls • The recovery in economic activity continues but the pace has slowed • Equities remain resilient despite sharp corrections in other developed markets	Victoria's lockdown proved effective in limiting the spread of COVID-19. The number of new cases has fallen significantly and been more or less contained within the state of Victoria. The labour market held up well despite setbacks caused by the lockdown. August preliminary retail sales declined by 12.6% MoM in Victoria, but the fall was not as severe as during the April lockdown. In other states, the recovery in activity remains intact though the pace of rebounds has decelerated. Meanwhile, the RBA seems to be considering cutting its policy rate further in the months ahead 'without going into negative territory'. Australian equities traded slightly lower but remained resilient despite sharp corrections elsewhere in other developed markets.
ASEAN	• Activity recovers further but the rebound is likely to be uneven in the region • Jakarta reimposes a city lockdown while political unrest resurfaces in Malaysia and Thailand • Most central banks stay put throughout the month	While the economic recovery continues, some divergence among countries is likely. The Philippines and Indonesia may experience a delay given that Jakarta and Manila have been the only two large cities in ASEAN to experience a second lockdown thus far. Exports rebounded further in the region, with the recovery broadening beyond electronics. As activity picked up, most central banks kept their policy rates unchanged. Meanwhile, some political unrest emerged. Protesters in Thailand demanded reforms to the monarchy while Anwar Ibrahim, the opposition party leader in Malaysia, claimed to have received enough support from parliament to form a new government. The sell-off in Indonesian equities accelerated as uncertainty amid Jakarta's lockdown worried investors.

Valuation snapshot (MSCI Indices)

Current trailing valuations

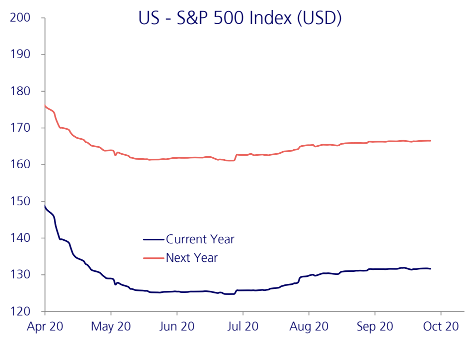
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	29.62	19.57	12.08	19.37	21.46	18.59	18.17	20.08	21.37
12m Trailing P/B	4.11	1.84	1.41	2.97	1.32	1.79	2.11	2.00	1.66
12m Trailing P/CF	15.14	9.70	6.87	14.30	7.38	10.08	11.24	7.22	6.96
Dividend Yield	1.56	2.34	3.77	2.85	2.27	2.33	1.61	2.86	2.74
ROE	13.89	9.39	11.66	15.33	6.13	9.61	11.62	9.95	7.77

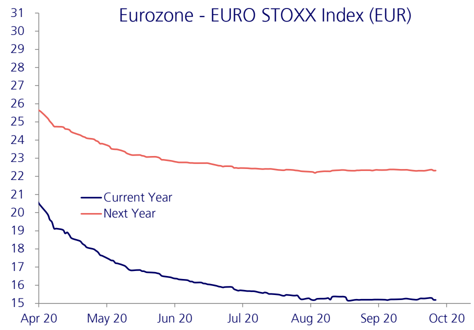
Current trailing valuations relative to MSCI world

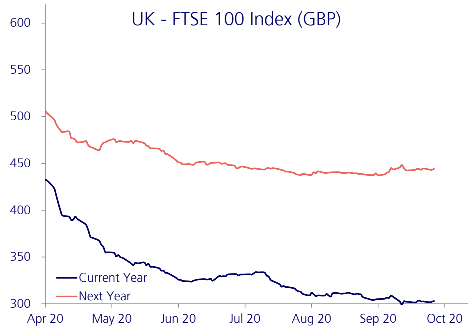
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.25	0.83	0.51	0.82	0.91	0.79	0.77	0.85	0.90
12m Trailing P/B	1.62	0.72	0.55	1.17	0.52	0.70	0.83	0.79	0.65
12m Trailing P/CF	1.31	0.84	0.59	1.24	0.64	0.87	0.97	0.62	0.60
Dividend Yield	0.79	1.18	1.91	1.44	1.15	1.18	0.81	1.45	1.39
ROE	1.29	0.87	1.09	1.43	0.57	0.89	1.08	0.93	0.72

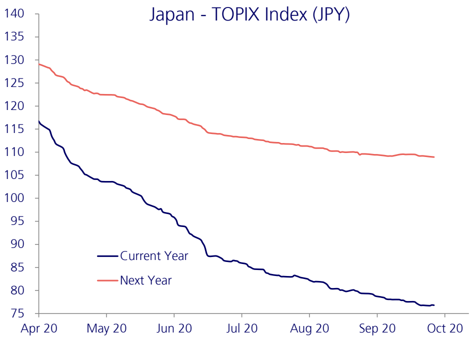
Source: Datastream

Earnings estimates - Full fiscal years



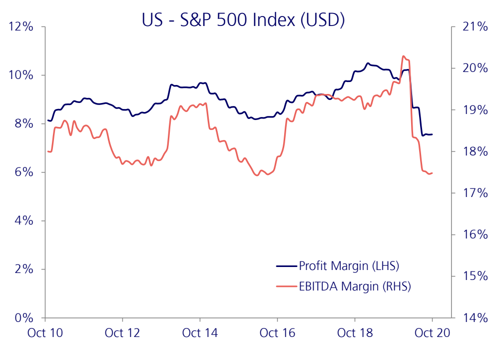


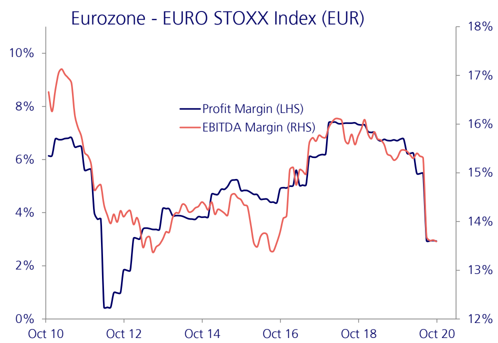


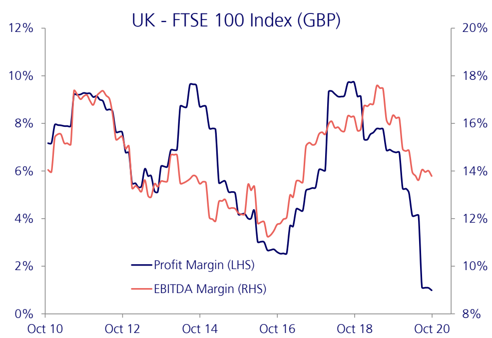


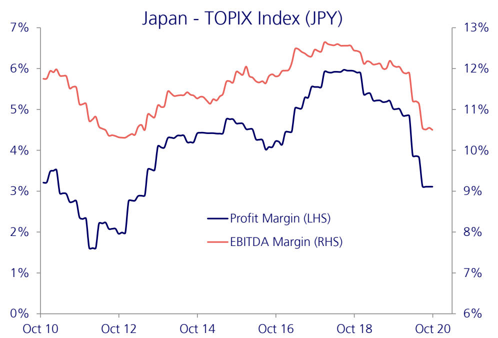
Source: Bloomberg

Historical margins



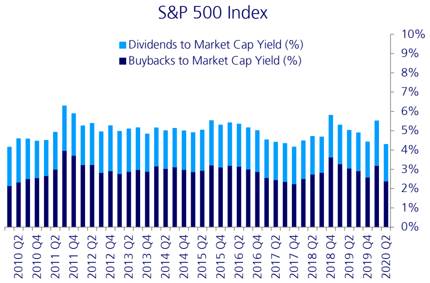


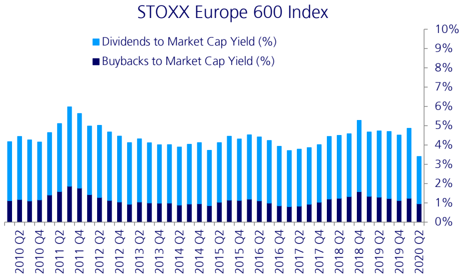


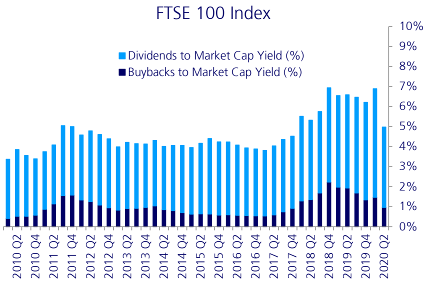


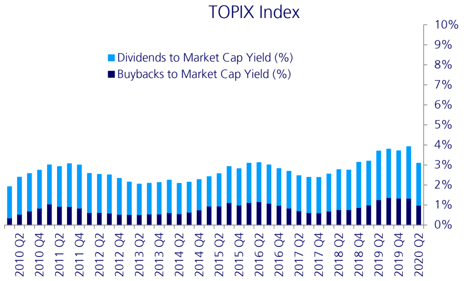
Source: Bloomberg

Dividends and shares buybacks



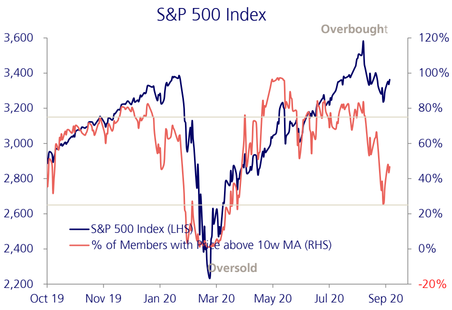


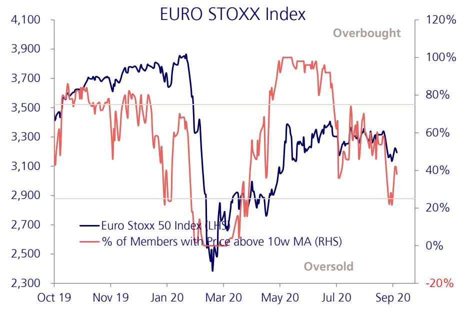


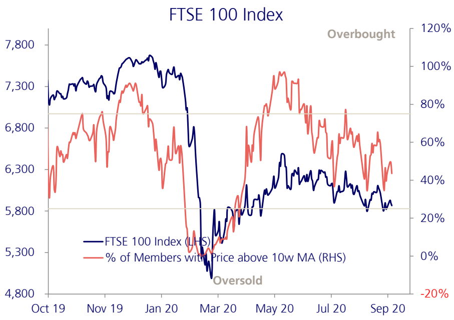


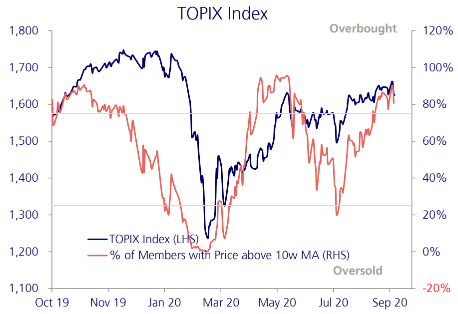
Source: Bloomberg

Overbought / Oversold







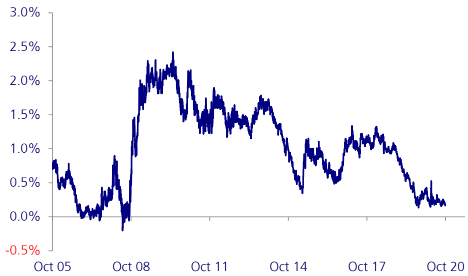


Source: Bloomberg

Yield Curve Steepness (2yr-10yr)

US

Germany



Japan

UK

Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Oct-20	1m ago	3m ago	1yr ago
UK	-46	-39	-48	-110
Germany	-122	-110	-110	-215
Switzerland	-119	-111	-105	-232
Japan	-68	-65	-64	-176
Australia	20	28	23	-64
China	245	232	223	154
South Korea	73	82	71	-10
Malaysia	197	191	214	170
Indonesia	626	617	655	568
Thailand	63	n/a	59	-13
Philippines	337	n/a	n/a	n/a
Brazil	689	n/a	601	545
Mexico	543	538	505	526
Colombia	540	#VALUE!	542	439
Peru	364	329	317	262

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Oct-20	1m ago	3m ago	1yr ago
France	28	30	32	30
Netherlands	12	12	15	14
Belgium	23	26	31	34
Austria	18	18	23	26
Ireland	36	35	45	55
Italy	139	149	169	145
Spain	77	81	88	72
Portugal	79	82	86	73

Source: Bloomberg, ZIG

Economic data

US	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trend*
ISM Manufacturing (Index)	48.2	48.5	48.1	47.8	50.9	50.1	49.1	41.5	43.1	52.6	54.2	56.0		up
ISM Non-Manufacturing (Index)	53.5	54.4	53.9	54.9	55.5	57.3	52.5	41.8	45.4	57.1	58.1	56.9		up
Durable Goods (% MoM)	-0.9	-0.1	-2.6	2.8	-0.2	2.0	-16.7	-18.3	15.0	7.7	11.7	0.4		up
Consumer Confidence (Index)	126.3	126.1	126.8	128.2	130.4	132.6	118.8	85.7	85.9	98.3	91.7	86.3	101.8	up
Retail Sales (% MoM)	4.0	3.3	3.3	5.6	4.9	4.5	-5.6	-19.9	-5.6	2.2	2.4	2.6		up
Unemployment Rate (%)	3.5	3.6	3.5	3.5	3.6	3.5	4.4	14.7	13.3	11.1	10.2	8.4		down
Avg Hourly Earnings YoY (% YoY)	3.7	3.8	3.5	3.2	3.3	3.3	3.5	7.7	6.6	5.4	4.6	4.9		down
Change in Payrolls ('000, MoM)	208.0	185.0	261.0	184.0	214.0	251.0	-1373.0	-20787.0	2725.0	4781.0	1734.0	1371.0		up
PCE (% YoY)	1.7	1.7	1.6	1.6	1.8	1.9	1.7	0.9	1.0	1.1	1.3			down
GDP (%, QoQ, Annualized)	2.6			2.4			-5.0			-31.4				

UK	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trend*
PMI Services (Index)	49.5	50.0	49.3	50.0	53.9	53.2	34.5	13.4	29.0	47.1	56.5	58.8	55.1	up
Consumer Confidence (Index)	-12.0	-14.0	-14.0	-11.0	-9.0	-7.0	-9.0	-34.0	-34.0	-30.0	-27.0	-27.0	-25.0	up
Unemployment Rate (%)	3.8	3.8	3.8	3.8	3.9	4.0	3.9	3.9	3.9	3.9	4.1			down
CPI (% YoY)	1.7	1.5	1.5	1.3	1.8	1.7	1.5	0.8	0.5	0.6	1.0	0.2		down
GDP (% YoY)	1.0			1.0			-2.1			-21.5				

Eurozone	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trend*
PMI Manufacturing (Index)	45.7	45.9	46.9	46.3	47.9	49.2	44.5	33.4	39.4	47.4	51.8	51.7	53.7	up
PMI Services (Index)	51.6	52.2	51.9	52.8	52.5	52.6	26.4	12.0	30.5	48.3	54.7	50.5	47.6	up
IFO Business Climate (Index)	94.8	94.6	94.8	95.9	95.4	95.9	86.5	74.6	79.6	86.3	90.4	92.5	93.4	up
Industrial Production (% MoM)	0.0	-0.2	-0.3	-1.7	1.8	-0.1	-11.6	-18.0	12.2	9.5	4.1			up
Factory Orders GE (% MoM)	1.2	-0.4	-1.3	-1.5	4.9	-1.2	-15.0	-26.1	10.4	28.8	2.8			up
Unemployment Rate (%)	7.5	7.4	7.4	7.4	7.4	7.3	7.2	7.4	7.5	7.7	7.9			down
M3 Growth (% YoY, 3 months MA)	5.7	5.7	5.6	4.9	5.2	5.5	7.5	8.2	9.0	9.2	10.1	9.5		up
CPI (% YoY)	0.8	0.7	1.0	1.3	1.4	1.2	0.7	0.3	0.1	0.3	0.4	-0.2		down
Core CPI (% YoY)	1.0	1.1	1.3	1.3	1.1	1.2	1.0	0.9	0.9	0.8	1.2	0.4		down
GDP (% QoQ)	0.3			0.1			-3.7			-11.8				

Switzerland	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trend*
KOF Leading Indicator (Index)	93.1	94.8	92.7	96.1	100.0	101.7	91.5	59.8	49.4	60.4	86.0	110.2	113.8	up
PMI Manufacturing (Index)	44.9	48.9	48.5	48.8	47.8	49.5	43.7	40.7	42.1	41.9	49.2	51.8		up
Real Retail Sales (% YoY)	1.7	0.3	1.3	1.0	0.2	0.9	-6.1	-18.8	6.8	3.3	4.1			up
Trade Balance (Billion, CHF)	4.0	3.5	3.9	2.0	4.7	3.5	3.9	4.0	2.6	3.2	3.3	3.6		down
CPI (% YoY)	0.1	-0.3	-0.1	0.2	0.2	-0.1	-0.5	-1.1	-1.4	-1.3	-0.9	-0.9		down

Japan	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trend*
Nomura Manufacturing PMI (Index)	48.9	48.4	48.9	48.4	48.8	47.8	44.8	41.9	38.4	40.1	45.2	47.2	47.7	up
Machine Orders (% YoY)	5.1	-6.1	5.3	-3.5	-0.3	-2.4	-0.7	-17.7	-16.3	-22.5	-16.2			down
Industrial Production (% YoY)	1.2	-8.2	-8.5	-3.7	-2.4	-5.7	-5.2	-15.0	-26.3	-18.2	-15.5	-13.3		down
ECO Watchers Survey (Index)	45.7	36.3	39.2	40.7	40.6	27.4	15.9	9.5	15.4	38.0	41.3	43.3		up
Jobs to Applicants Ratio (Index)	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.3	1.2	1.1	1.1			down
Labour Cash Earnings (% YoY)	0.5	0.0	0.1	-0.2	1.0	0.7	0.1	-0.7	-2.3	-2.0	-1.5			down
Department Store Sales (% YoY)	23.1	-17.5	-6.0	-5.0	-3.1	-12.2	-33.4	-72.8	-65.6	-19.1	-20.3	-22.0		up
Money Supply M2 (% YoY)	2.4	2.4	2.7	2.7	2.8	3.0	3.2	3.7	5.1	7.2	7.9	8.6		up
CPI Ex Food & Energy (% YoY)	0.3	0.3	0.5	0.5	0.4	0.2	0.3	-0.1	0.1	0.2	0.3	-0.4		down
Exports (% YoY)	-5.2	-9.2	-7.9	-6.3	-2.6	-1.0	-11.7	-21.9	-28.3	-26.2	-19.2	-14.8		up

China	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trend*
PMI Manufacturing (Index)	49.8	49.3	50.2	50.2	50.0	35.7	52.0	50.8	50.6	50.9	51.1	51.0	51.5	up
Industrial Production (% YoY)	5.8	4.7	6.2	6.9			-1.1	3.9	4.4	4.8	4.8	5.6		up
Retail Sales (% YoY)	7.8	7.2	8.0	8.0			-15.8	-7.5	-2.8	-1.8	-1.1	0.5		up
PPI (% YoY)	-1.2	-1.6	-1.4	-0.5	0.1	-0.4	-1.5	-3.1	-3.7	-3.0	-2.4	-2.0		up
Exports (% YoY)	-3.2	-0.8	-1.3	7.9			-6.6	3.4	-3.2	0.5	7.2	9.5		up
CPI (% YoY)	3.0	3.8	4.5	4.5	5.4	5.2	4.3	3.3	2.4	2.5	2.7	2.4		down
RRR (%)	13.0	13.0	13.0	13.0	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	neutral
GDP (% YoY)	6.0			6.0			-6.8			3.2				up
PMI Non Manufacturing (Index)	49.8	49.3	50.2	50.2	50.0	35.7	52.0	50.8	50.6	50.9	51.1	51.0	51.5	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Appendix 5

Economic data

Australia	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trend*
AiG Manufacturing (Index)	54.7	51.6	48.1	48.3	45.4	44.3	53.7	35.8	41.6	51.5	53.5	49.3	46.7	up
AiG Service (Index)	51.8	55.2	53.7	48.7	47.4	47.0	38.7	27.1	31.6	31.5	44.0	42.5		up
Westpac Consumer Confidence (% MoM)	-1.7	-5.5	4.5	-1.9	-1.8	2.3	-3.8	-17.7	16.4	6.3	-6.1	-9.5	18.0	down
Building Approvals (% YoY)	-13.5	-19.5	-1.9	8.3	-7.7	-2.7	2.8	7.0	-9.7	-14.5	6.9	0.6		down
Employment Change ('000, MoM)	8.6	-24.1	30.4	32.0	11.6	19.7	-3.0	-607.4	-264.2	227.8	119.2	111.0		up

Brazil	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trend*
CPI (% YoY)	2.9	2.5	3.3	4.3	4.2	4.0	3.3	2.4	1.9	2.1	2.3	2.4		down
Industrial Production (% YoY)	-2.0	1.1	1.3	-1.7	-1.3	-0.9	-0.3	-3.8	-27.5	-21.8	-8.8	-3.0		down
Retail Sales (% YoY)	1.4	2.2	4.3	3.1	2.6	1.4	4.7	-1.1	-17.1	-7.4	0.5	5.5		up
Trade Balance (Millions, USD)	3803.2	2549.6	3564.6	5946.9	-1673.9	2330.1	3845.6	5996.4	4139.2	7057.4	7977.2	6608.8		up
Budget Balance Primary (Billions, BRL)	-45.9	-10.9	-53.2	-38.4	19.1	-49.4	-79.7	-115.8	-140.4	-210.2	-86.9	-121.9		down

Chile	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trend*
IMACEC Economic Activity Index (% YoY)	3.28	-3.36	-3.98	0.77	1.39	3.26	-3.47	-14.18	-15.18	-12.94	-10.70			up
CPI (% YoY)	2.24	2.71	2.79	3.00	3.46	3.89	3.74	3.42	2.75	2.63	2.50	2.45		down
Retail Sales (% YoY)	-12.00	-9.21	-2.57	0.20	4.46	-14.82	-31.66	-28.71	-24.19	-17.33	2.83			up
Industrial Production (% YoY)	0.54	-2.79	-2.43	3.23	1.95	5.29	0.65	-3.92	-5.86	-2.60	-3.33	-4.85		down
Unemployment (%)	7.30	7.10	7.00	7.10	7.40	7.80	8.20	9.00	11.20	12.20	13.10	12.90		up

Mexico	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trend*
PMI (Index)	47.9	46.4	46.5	46.5	49.1	47.8	44.1	40.7	37.9	43.0	47.8	45.0		up
CPI (% YoY)	3.0	3.0	3.0	2.8	3.2	3.7	3.3	2.2	2.8	3.3	3.6	4.1		up
Retail Sales (% YoY)	2.4	0.4	2.1	3.2	2.7	2.5	-1.3	-23.8	-23.7	-16.6	-12.5			up
Indutrial Production (% YoY)	1.5	-1.2	-2.7	-0.5	-1.2	-1.1	-5.3	-35.3	-37.0	-16.5	-9.0			up
Remittances (Millions, USD)	3101.2	3155.0	2924.9	3119.2	2620.9	2732.0	4044.8	2909.5	3445.4	3537.0	3531.9			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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