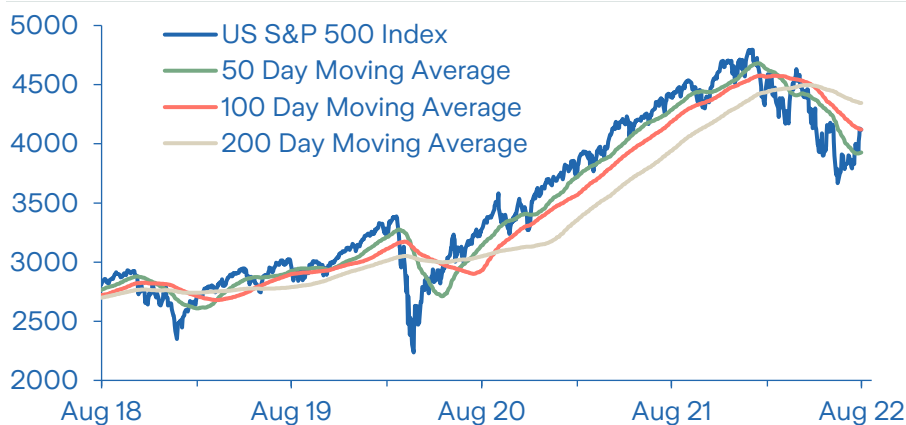


Monthly Investment Insights

2 August 2022



The Fed's more pragmatic tightening approach reassures investors



Source: Bloomberg

A 'better than feared' US Q2 earnings season so far, as well as an arguably less hawkish Federal Reserve (Fed) has provided some support to risk assets in recent weeks. This is despite economic data that continue to deteriorate and central banks that remain in inflation fighting mode throughout the globe. Government bonds have rallied recently, providing a double boost to balanced portfolios early in the second half of 2022, after a difficult first half when both bonds and equities suffered heavy losses.

The rally started around mid-June after risk assets reached extremely oversold levels and gained impetus on Wednesday, July 27 after the Fed meeting. The Fed raised rates by 75bp as expected, but at the press conference following the meeting, Fed Chair Jerome Powell indicated that future rate decisions would be taken 'meeting by meeting'. He also recognized that the impact of previous rate hikes had yet to be felt in the economy. While the Fed is still clearly on a rate-hiking path, this apparently more pragmatic approach by the Fed going forward helped reassure investors.

Economic data, however, continue to deteriorate, especially in the Eurozone. The July Eurozone Composite PMI fell below the 50 expansion/contraction line suggesting the region could soon fall into recession. Indeed, the German ifo expectations survey is pointing to sharp declines in business spending over the next few months. Russia continues to restrict the flow of natural gas to Europe, increasing the chances that gas will have to be rationed over the winter months in some European countries.

In the US, housing market data have weakened noticeably, and weekly jobless claims are gradually creeping higher, but the labour market remains healthy overall for now. The decline in US GDP registered in the first half of the year was due to technical factors, we think, and does not indicate that the US is in recession. However, the continued inversion of the yield curve and other indicators suggest a strong chance that it will fall into recession within the next twelve months.

Nevertheless, investor sentiment had become extremely bearish over the past few months and the US S&P 500 and Euro Stoxx index declined by around 20% in the first half of the year, suggesting that a lot of bad news is already priced in. Overall, we are cautiously optimistic with a modest overweight to risk assets, while also recognizing the need for flexibility and careful monitoring of risks.

Market Assessment

Key developments

- Risk assets see a strong rebound from mid-June with the S&P 500 up 13%
- Government bond yields decline sharply on a more pragmatic Fed and economic slowdown fears
- Central banks across the world continue to aggressively hike rates as inflation remains high

Zurich's view

We maintain a modest pro-risk stance. While economic data continue to deteriorate and geopolitical risks have unfortunately not gone away, equity market declines in the first half of the year meant that a lot of bad news was to some extent priced in. Surveys of investor sentiment have reached multi-year lows recently. In this situation, risk assets can bounce if the news flow becomes less bad or policymakers more supportive.

Indeed, while delivering a large 75bp rate hike at the end of July, US Fed Chair Jerome Powell, still indicated a pragmatic approach to future rate hikes. We think that the rally in risk assets can continue, though for it to become durable we probably need to see clearer signs that inflation is peaking. Within risk assets we favour equities over credit, especially US equities over US credit as we think equities offer greater upside potential.

Core government bond yields have fallen sharply recently and with economic growth slowing, especially in Europe, we may have already seen the high in yields for this year.

Key developments	Zurich's view
<p>Global</p> <ul style="list-style-type: none"> • Business activity slows at the beginning of the third quarter • Central banks keep tightening aggressively as inflation remains stubbornly high • Bond yields remain under pressure as the growth outlook deteriorates further 	<p>The global economic expansion has accelerated in June at the fastest pace in four months, driven by a rebound in activity in China. However, outside of China growth is expected to slow further in the third quarter with the Composite PMIs in the US and the Eurozone even dipping into contractionary territory in July as consumer spending weakens and the backlog of work is falling. Given that inflation rates remain stubbornly high in many regions, central banks keep tightening financial conditions aggressively despite the weaker growth outlook. Nevertheless, with inflation showing signs of peaking and global supply chain pressure declining we expect central banks to switch to a less aggressive stance in the coming months.</p>
<p>US</p> <ul style="list-style-type: none"> • The economic outlook continues to deteriorate on a broad basis • The Fed lifts rates by another 75bps, thus tightening its policy by 1.5% in just six weeks • The S&P 500 rebounds by more than 10% from its low, but potential near-term headwinds persist 	<p>Last month showed further signs of a broad-based slowdown in economic activity. The ISM Manufacturing New Orders Index dipped into contractionary territory for the first time since May 2020 while the NAHB housing market survey showed the biggest monthly decline on record except for the pandemic-induced stall in April 2020. Despite the weaker growth outlook, the Fed lifted its target rate by another 75bps following its hawkish surprise in June thus tightening its policy by 1.5% in just six weeks. Despite the deteriorating economic outlook and the Fed's aggressive tightening path the S&P 500 rebounded by more than 10% from its recent lows as the market became oversold. Nevertheless, headwinds to growth and pressure on corporate earnings and margins remain a significant risk in the near term.</p>
<p>UK</p> <ul style="list-style-type: none"> • Headline inflation ticks up further, but core inflation falls the second month in a row • Business activity is holding up relatively well with new orders rising moderately • Rising living costs continue to weigh on consumer sentiment and spending 	<p>Headline inflation ticked up to 9.4% YoY in June mainly driven by higher food and energy costs. On a more positive note, core inflation slowed for the second month in a row to an annual rate of 5.8% from 5.9%. Rising living costs keep squeezing households' real income, weighing on consumer sentiment and spending. Despite the sobering news on inflation and consumer spending, business activity held up relatively well in July. The Manufacturing PMI and the Services PMI fell only modestly to 52.2 and 53.3 respectively but keep signalling an expanding economy with new order volumes increasing moderately. Input cost inflation eased to the lowest in ten months, indicating that price pressure is likely to soften further going forward.</p>
<p>Eurozone</p> <ul style="list-style-type: none"> • The ECB exits negative interest rates and announces the details of its Transmission Protection Instrument designed to contain spread widening • A recession later this year looks increasingly likely as business surveys continue to deteriorate • Prime Minister Mario Draghi resigns, and general elections are called for September 25 in Italy 	<p>The ECB has finally exited negative interest rates, raising the deposit rate by 50bps from minus 0.5% to zero. With inflation hitting 8.6% in July, it was contradictory to have policy rates still negative. The ECB also unveiled its Transmission Protection Instrument (TPI), designed to contain extreme periphery spread widening. Encouragingly, it said the instrument would not be limited in size ex-ante making it more credible. Unfortunately, the risks are increasing that we see a recession later this year. The Flash Eurozone Composite PMI for June fell below 50, with forward-looking indicators particularly weak. In addition, although the Nord Stream 1 pipeline has re-opened following scheduled maintenance, the flow of natural gas from Russia to Europe is running well below normal levels.</p>
<p>Japan</p> <ul style="list-style-type: none"> • Industrial production is recovering as supply chain issues in the auto sector improve • Consumption is hit by a surge in Omicron infections and rising inflation • Japanese equities take a breather following three months of outperformance as the yen strengthens again 	<p>As supply chain issues eased, Japan's auto production surged 14% MoM in June, while electronic equipment recovered 11%. Both contributed to the record-high surge in industrial production since statistics begun being released in 1952. Meanwhile, June retail sales volume fell to the level last seen at the top of the Omicron wave in February as new infections spiked to levels more than double as high as the previous record, with consumer confidence plunging. Rising inflation is contributing to the downbeat mood, with Tokyo's CPI rising to a 30-year high in July, up 2.5% YoY, with energy inflation up 23.6%. The MSCI Japan keeps drifting sideways within a range, its outperformance against global equities experiencing a setback following a three-month rise as the yen strengthened.</p>

Key developments	Zurich's view
<p>China</p> <ul style="list-style-type: none"> • GDP growth contracts 10.6% in Q2 vs. Q1 in annualised terms and is up only 0.4% YoY • Homebuyers protest the non-delivery of pre-sold homes by holding back mortgage payments • Chinese equities underperform global equities in July, following a strong rally in June 	<p>Despite a recovery in July following a temporary end to severe lockdown measures, China's economy contracted in Q2 and was up a meagre 0.4% YoY. The Manufacturing PMI fell to 49 in July. Omicron infections have started picking up again in several major cities, though China's dynamic zero-Covid policy has become more flexible and targeted. The property market remains weak, and the latest mortgage crisis that erupted in central provinces has an overall negative impact on the willingness to buy new homes. The government has taken measures to support both ailing developers and affected homebuyers. Meanwhile, the Politburo seems to have indirectly given up its 5½% growth target for this year. The MSCI China has retreated losing about half of its May/June gains, underperforming global equities again.</p>
<p>Australia</p> <ul style="list-style-type: none"> • The RBA hiked the cash rate by 50bps to 1.35% in July, and further 50bp rate hikes are expected for both August and September • The Australian unemployment rate falls to 3.5%, while the vacancy rate remains high • Australia's Q2 CPI increased to 6.1% YoY and is expected to peak in Q4 	<p>In Australia, the unemployment rate fell from 3.9% in May to 3.5% in June and will continue to fall with the vacancy rate remaining elevated. The strength in the labour market is one of the factors driving the increase in headline CPI for June, up to 6.1% YoY. Q2 inflation data were affected by a significant increase in new dwelling costs due to shortages of building supplies and labour. The RBA increased the cash rate by 50bps, in line with consensus, but the subsequent minutes were more hawkish relative to market expectations. The Australian equity market rallied 5% in July as Australia's equity valuations have become more attractive.</p>
<p>ASEAN</p> <ul style="list-style-type: none"> • Central banks play catch-up in a global rush to raise rates, except for Indonesia • Tackling inflation and defending weakening currencies remain key priorities • Earnings season kicks off in Malaysia 	<p>Most ASEAN central banks continued to hike policy rates in July, while inflation continues to accelerate to new highs. We expect this trend to continue in H2, in part to defend weakening currencies. As for Indonesia, it continues to be the outlier by holding rates steady. However, we believe that pressure will continue to mount as its core inflation gradually creeps up with more cost pass throughs, while its current account balance might come under pressure from cooling commodity prices, prompting it to hike in H2. Malaysia is entering its peak earnings reporting season in August, with decent expectations thanks to economic reopening in Q2. However, the focus will be on management's forward guidance, keeping the equity market on the sidelines.</p>
<p>LatAm</p> <ul style="list-style-type: none"> • Central banks continue to tighten while core inflation accelerates • Economic activity remains resilient, but the outlook for 2023 has deteriorated • The Chilean peso significantly overperformed EM currencies after the FX intervention 	<p>In Chile, FX intervention reduced currency volatility and the speculative pressures against the peso, which has appreciated more than 15% since the announcement in mid-July. In Brazil, economic activity remains resilient with the Service PMI reaching a historically high level. Short-term inflation pressures eased after the tax cut and the reduction in gasoline prices. In Argentina, the political crisis intensified. The gap between the official and the parallel FX rate climbed above 150% during the month. Inflation expectations continue to increase, and we believe the risk of converging to triple-digit annual inflation has risen. The MSCI LatAm Index outperformed EMs, rising ~4%, mainly explained by Chile and Brazil. Valuations remain attractive and are supported by the recent upward earnings revisions.</p>

Valuation snapshot (MSCI Indices)

Current trailing valuations

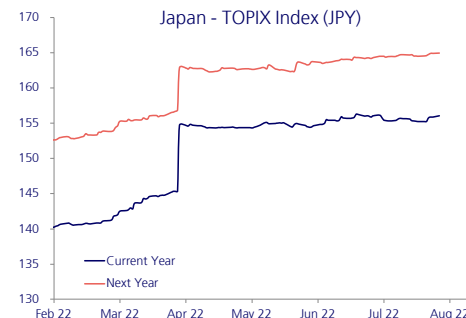
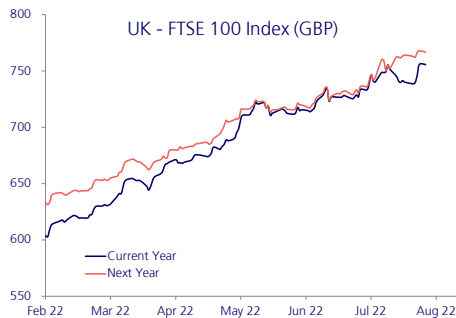
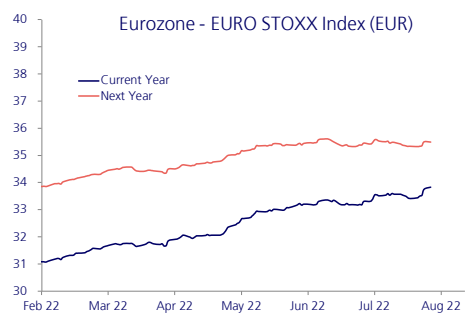
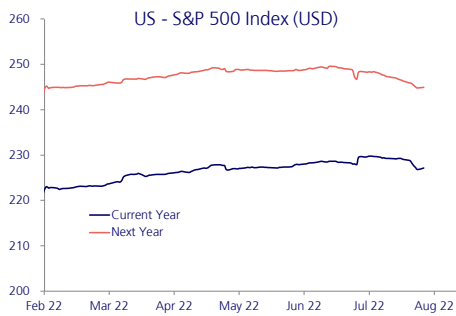
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	18.92	14.25	13.10	16.09	13.15	14.33	15.47	4.91	12.92
12m Trailing P/B	3.82	1.76	1.75	2.99	1.29	1.65	1.54	1.45	1.82
12m Trailing P/CF	15.28	7.66	7.76	11.19	9.26	8.70	8.29	4.90	6.14
Dividend Yield	1.68	3.24	4.05	2.97	2.49	3.05	2.17	11.32	3.51
ROE	20.18	12.36	13.33	18.57	9.83	11.48	9.97	29.50	14.10

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	0.87	0.80	0.99	0.81	0.88	0.95	0.30	0.79
12m Trailing P/B	1.52	0.70	0.69	1.19	0.51	0.65	0.61	0.58	0.72
12m Trailing P/CF	1.32	0.66	0.67	0.97	0.80	0.75	0.72	0.42	0.53
Dividend Yield	0.73	1.40	1.75	1.29	1.08	1.32	0.94	4.90	1.52
ROE	1.31	0.80	0.86	1.20	0.64	0.74	0.65	1.91	0.91

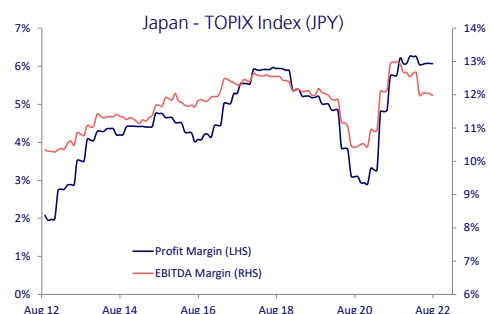
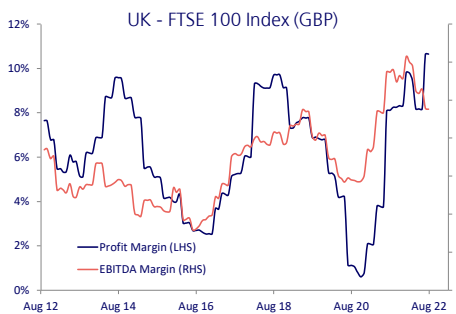
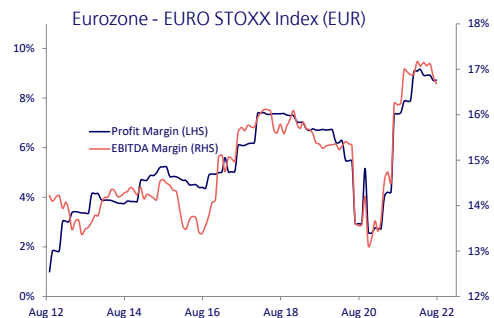
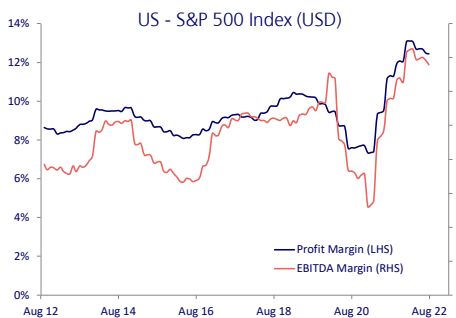
Source: Datastream

Earnings estimates - Full fiscal years



Source: Bloomberg

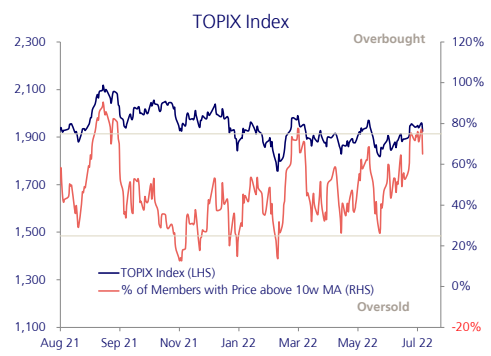
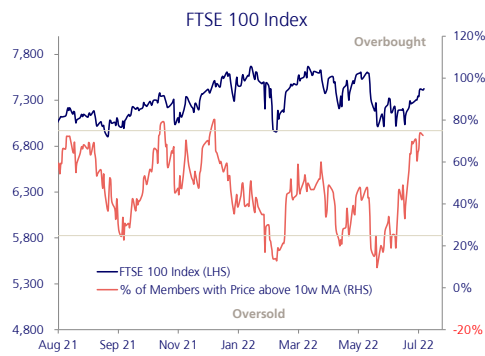
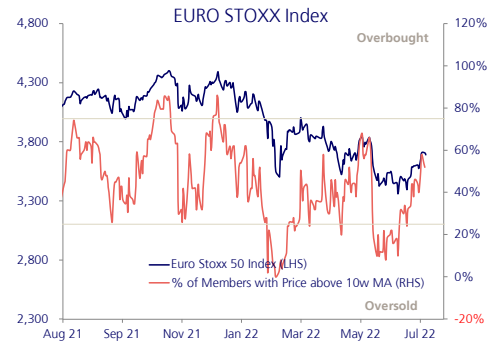
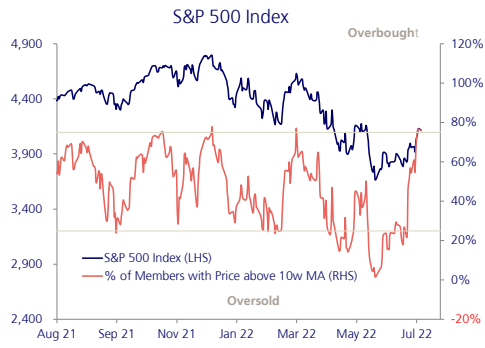
Historical margins



Source: Bloomberg

Source: Bloomberg

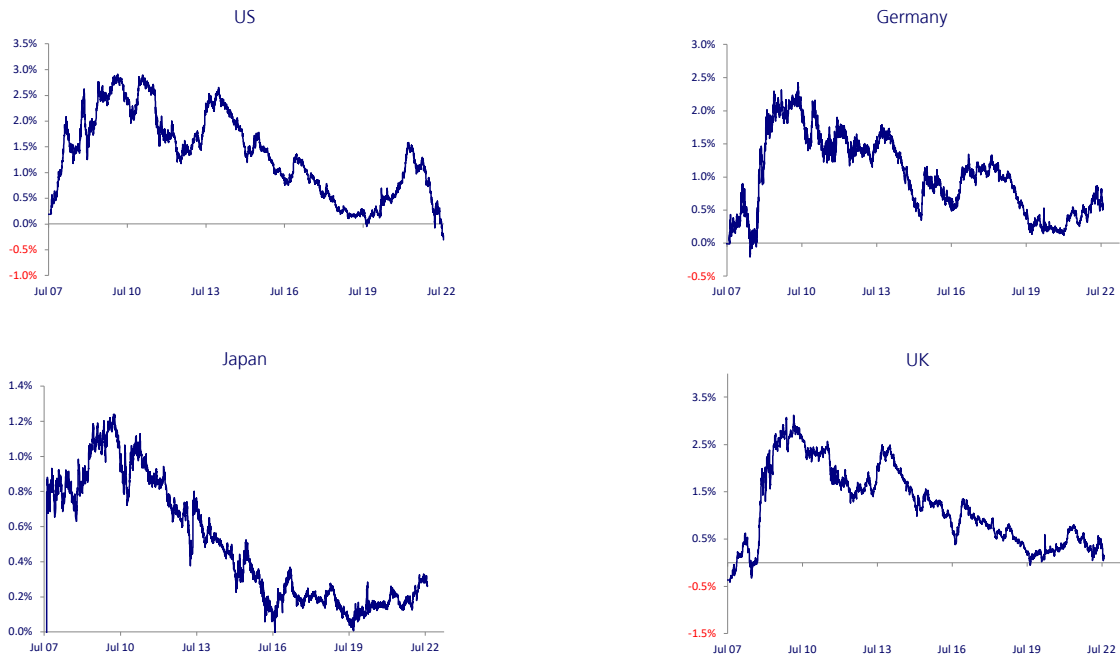
Overbought / Oversold



Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Aug-22	1m ago	3m ago	1yr ago
UK	-80	-79	-97	-66
Germany	-183	-165	-196	-166
Switzerland	-217	-201	-208	-157
Japan	-237	-265	-270	-116
Australia	43	71	61	0
China	19	-5	-10	165
South Korea	63	61	49	73
Malaysia	135	133	144	200
Indonesia	467	438	405	511
Thailand	-9		-7	36
Philippines	152	n/a	n/a	n/a
Brazil	1,028	n/a	931	846
Mexico	590	605	618	572
Colombia	925	857	751	n/a
Peru	544	487	490	493

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Aug-22	1m ago	3m ago	1yr ago
France	57	57	53	35
Netherlands	29	36	29	13
Belgium	61	66	60	34
Austria	55	58	52	24
Ireland	62	61	69	39
Italy	224	186	199	106
Spain	109	104	110	72
Portugal	102	104	113	62

Source: Bloomberg, ZIG

Economic data

US	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Trend*
ISM Manufacturing (Index)	59.9	59.7	60.5	60.8	60.6	58.8	57.6	58.6	57.1	55.4	56.1	53.0	52.8	down
ISM Non-Manufacturing (Index)	64.1	62.2	62.6	66.7	68.4	62.3	59.9	56.5	58.3	57.1	55.9	55.3		down
Durable Goods (% MoM)	0.4	1.6	-1.5	1.5	1.4	0.9	3.1	-0.7	0.7	0.4	0.8	1.9		down
Consumer Confidence (Index)	125.1	115.2	109.8	111.6	111.9	115.2	111.1	105.7	107.6	108.6	103.2	98.4	95.7	down
Retail Sales (% MoM)	15.8	15.7	14.3	16.5	18.6	16.8	13.7	17.7	7.1	7.8	8.2	8.4		down
Unemployment Rate (%)	5.4	5.2	4.7	4.6	4.2	3.9	4.0	3.8	3.6	3.6	3.6	3.6		down
Avg Hourly Earnings YoY (% YoY)	5.1	5.2	5.9	6.4	6.5	6.2	6.7	6.7	6.7	6.6	6.4	6.4		down
Change in Payrolls ('000, MoM)	689.0	517.0	424.0	677.0	647.0	588.0	504.0	714.0	398.0	368.0	384.0	372.0		down
PCE (% YoY)	3.6	3.6	3.7	4.2	4.7	4.9	5.1	5.3	5.2	4.9	4.7	4.8		down
GDP (% QoQ, Annualized)			2.3			6.9			-1.6			-0.9		up
UK	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Trend*
PMI Services (Index)	59.6	55.0	55.4	59.1	58.5	53.6	54.1	60.5	62.6	58.9	53.4	54.3	53.3	down
Consumer Confidence (Index)	-7.0	-8.0	-13.0	-17.0	-14.0	-15.0	-19.0	-26.0	-31.0	-38.0	-40.0	-41.0	-41.0	down
Unemployment Rate (%)	4.6	4.4	4.3	4.2	4.1	4.0	4.0	3.8	3.7	3.8	3.8			down
CPI (% YoY)	2.0	3.2	3.1	4.2	5.1	5.4	5.5	6.2	7.0	9.0	9.1	9.4		up
GDP (% YoY)			6.9			6.6			8.7					
Eurozone	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Trend*
PMI Manufacturing (Index)	62.8	61.4	58.6	58.3	58.4	58.0	58.7	58.2	56.5	55.5	54.6	52.1	49.8	down
PMI Services (Index)	59.8	59.0	56.4	54.6	55.9	53.1	51.1	55.5	55.6	57.7	56.1	53.0	50.6	down
IFO Business Climate (Index)	100.6	99.8	99.2	98.1	96.8	94.9	96.1	98.9	90.8	91.9	93.1	92.2	88.6	down
Industrial Production (% MoM)	0.7	-1.8	-0.5	-1.2	2.7	1.5	-0.8	0.6	-1.7	0.5	0.8			up
Factory Orders GE (% MoM)	4.4	-9.4	2.8	-5.9	3.2	2.4	2.2	-1.3	-4.2	-1.8	0.1			up
Unemployment Rate (%)	7.6	7.5	7.3	7.3	7.1	7.0	6.9	6.8	6.7	6.6	6.6	6.6		down
M3 Growth (% YoY, 3 months MA)	7.8	8.0	7.6	7.7	7.3	6.9	6.5	6.4	6.2	6.1	5.8	5.7		down
CPI (% YoY)	2.2	3.0	3.4	4.1	4.9	5.0	5.1	5.9	7.4	7.4	8.1	8.6	8.9	up
Core CPI (% YoY)	0.7	1.6	1.9	2.0	2.6	2.6	2.3	2.7	3.0	3.5	3.8	3.7	4.0	up
GDP (% QoQ)			2.3			0.4			0.5			0.7		up
Switzerland	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Trend*
KOF Leading Indicator (Index)	130.2	113.1	110.7	110.0	107.2	107.2	107.1	105.1	99.2	103.0	96.8	95.2	90.1	down
PMI Manufacturing (Index)	70.0	67.0	67.6	65.7	63.8	64.2	63.8	62.6	64.0	62.5	60.0	59.1	58.0	down
Real Retail Sales (% YoY)	-2.2	0.9	2.6	1.8	4.8	0.0	6.3	13.3	-6.3	-5.6	-1.3	1.2		down
Trade Balance (Billion, CHF)	5.3	5.1	5.0	5.3	6.0	3.5	3.1	5.9	2.8	4.1	3.0	3.8		down
CPI (% YoY)	0.7	0.9	0.9	1.2	1.5	1.5	1.6	2.2	2.4	2.5	2.9	3.4		up
Japan	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Trend*
Nomura Manufacturing PMI (Index)	53.0	52.7	51.5	53.2	54.5	54.3	55.4	52.7	54.1	53.5	53.3	52.7	52.1	down
Machine Orders (% YoY)	11.1	17.0	12.5	2.9	11.6	5.1	5.1	4.3	7.6	19.0	7.4			up
Industrial Production (% YoY)	11.1	8.4	-2.5	-4.3	4.8	2.2	-0.8	0.5	-1.7	-4.9	-3.1	-3.1		down
ECO Watchers Survey (Index)	47.7	34.3	43.3	56.2	58.5	58.6	35.9	36.6	48.9	50.7	52.6	51.8		up
Jobs to Applicants Ratio (Index)	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3		up
Labour Cash Earnings (% YoY)	0.6	0.6	0.2	0.2	0.8	-0.4	1.1	1.2	2.0	1.3	1.0			down
Department Store Sales (% YoY)	4.2	-11.7	-4.3	2.9	8.1	8.8	15.6	-0.7	4.6	19.0	57.8	11.7		up
Money Supply M2 (% YoY)	5.3	4.7	4.2	4.2	4.0	3.7	3.6	3.6	3.5	3.4	3.1	3.3		down
CPI Ex Food & Energy (% YoY)	-0.8	-0.7	-0.8	-1.2	-1.2	-1.3	-1.9	-1.8	-1.6	0.1	0.2	0.2		up
Exports (% YoY)	37.0	26.2	13.0	9.4	20.5	17.5	9.6	19.1	14.7	12.5	15.8	19.3		up
China	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Trend*
PMI Manufacturing (Index)	50.4	50.1	49.6	49.2	50.1	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	up
Industrial Production (% YoY)	6.4	5.3	3.1	3.5	3.8	4.3			5.0	-2.9	0.7	3.9		down
Retail Sales (% YoY)	8.5	2.5	4.4	4.9	3.9	1.7			-3.5	-11.1	-6.7	3.1		down
PPI (% YoY)	9.0	9.5	10.7	13.5	12.9	10.3	9.1	8.8	8.3	8.0	6.4	6.1		down
Exports (% YoY)	19.2	25.4	28.0	26.9	21.7	20.9	24.1	6.2	14.5	3.7	16.7	17.9		down
CPI (% YoY)	1.0	0.8	0.7	1.5	2.3	1.5	0.9	0.9	1.5	2.1	2.1	2.5		up
RRR (%)	12.0	12.0	12.0	12.0	12.0	11.5	11.5	11.5	11.5	11.3	11.3	11.3	11.3	down
GDP (% YoY)			4.9			4.0			4.8			0.4		down
PMI Non Manufacturing (Index)	50.4	50.1	49.6	49.2	50.1	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Appendix 5

Economic data

Australia	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Trend*
AiG Manufacturing (Index)	60.8	51.6	51.2	50.4	54.8	48.4	48.4	53.2	55.7	58.5	52.4	54.0	52.5	down
AiG Service (Index)	51.7	45.6	45.7	47.6	49.6	56.2	56.2	60.0	56.2	57.8	49.2	48.8		down
Westpac Consumer Confidence (% MoM)	1.5	-4.4	2.0	-1.5	0.6	-1.0	-2.0	-1.3	-4.2	-0.9	-5.6	-4.5	-3.0	down
Building Approvals (% YoY)	21.4	34.2	18.7	-7.4	-7.7	-10.5	-22.0	-8.0	-33.9	-26.7	-20.0	-17.2		down
Employment Change ('000, MoM)	-1.4	-138.1	-138.2	-34.3	384.0	69.6	21.2	97.6	24.1	4.4	60.6	88.4		up

Brazil	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Trend*
CPI (% YoY)	9.0	9.7	10.3	10.7	10.7	10.1	10.4	10.5	11.3	12.1	11.7	11.9		up
Industrial Production (% YoY)	12.1	1.4	-0.6	-4.1	-7.8	-4.4	-5.0	-7.3	-4.1	-1.9	-0.5	0.5		up
Retail Sales (% YoY)	6.3	5.7	-4.1	-5.2	-6.8	-4.2	-2.9	-1.5	1.3	4.9	4.5	-0.2		up
Trade Balance (Millions, USD)	7659.1	4400.7	2063.7	-1110.1	4012.9	-17.1	4644.3	7628.5	8251.9	5030.8	8768.6	5444.0		down
Budget Balance Primary (Billions, BRL)	-75.6	-55.4	-29.7	-42.0	-25.0	-26.6	-54.2	84.1	-22.5	-26.5	-41.0	-66.0		down

Chile	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Trend*
IMACEC Economic Activity Index (% YoY)	18.57	18.67	14.38	13.93	13.57	8.84	8.78	6.56	6.38	6.94	6.36	3.70		down
CPI (% YoY)	4.54	4.78	5.34	6.03	6.70	7.17	7.70	7.81	9.41	10.52	11.55	12.49		up
Retail Sales (% YoY)	24.47	19.28	22.54	15.43	14.22	13.48	10.62	11.02	19.58	-5.26	-6.12			down
Industrial Production (% YoY)	5.04	4.78	-0.59	1.33	2.75	1.72	-1.10	-2.96	0.85	-3.61	1.78	-1.49		down
Unemployment (%)	8.90	8.50	8.40	8.10	7.50	7.20	7.30	7.50	7.80	7.70	7.80	7.80		up

Mexico	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Trend*
PMI (Index)	51.7	51.0	50.2	51.4	50.9	52.9	48.3	51.0	51.9	52.5	51.1	49.3	52.2	down
CPI (% YoY)	5.9	5.6	6.0	6.2	7.4	7.4	7.1	7.3	7.5	7.7	7.7	8.0		up
Retail Sales (% YoY)	9.9	7.2	5.9	5.3	5.4	4.9	6.7	6.4	3.8	4.6	5.2			down
Industrial Production (% YoY)	7.7	6.5	-0.4	0.0	2.7	3.7	3.7	6.9	3.6	3.9	6.1			down
Remittances (Millions, USD)	4545.0	4748.7	4408.9	4822.1	4661.6	4752.2	3918.2	3911.3	4692.5	4718.1	5172.5	5152.5		up

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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