

Monthly Investment Insights

1 November 2022



Chinese equities massively underperform as investors demand higher risk premia



Source: MSCI, Bloomberg

China's 20th Communist Party Congress (CPC) has concluded with Xi Jinping re-elected as General Secretary for an unusual third five-year term. His role as the party's premier is cemented, with a reshuffling of the party elite that gives him a mandate for change. Roles previously held by members of the 'Youth League', a somewhat more liberal faction under former President Hu Jintao, have been filled by loyalists. Both foreign and domestic investors responded with their feet, the MSCI China equity index tumbling 9% in the week following the CPC, on top of an already dismal performance this year. Debate as to whether Chinese equities are 'investible' is now rife, with some asset managers questioning whether Chinese equities should be excluded from global benchmark indices. We believe the turn of events certainly clouds the longer-term outlook for Chinese financial assets and requires a greater risk premium, but investment opportunities will still present themselves in such a large and diverse country.

Another focal point for investors is whether global central banks will be 'pivoting' on rate hiking—a term that has become the flavour of the month. Certainly, investors appear to be pinning their hopes on the notion as financial assets bounce and sentiment eases back from extreme pessimism. We suspect that despite our more sanguine view on inflation in the months ahead, it is too early to bet on such a grand policy turnaround. Consequently, while we may be in the process of a market bottom being formed, recent gains seem destined to be capped as policy pivots prove elusive.

Market Assessment

Key developments

- Chinese equities tumble following the 20th Communist Party Congress as Xi Jinping strengthens his position
- Inflation continues to prove disruptive, surprising in Europe as German CPI hits 11.6% YoY
- Financial assets have bounced on hopes of an easing or 'pivot' in the pace of policy tightening

Zurich's view

Global equities have bounced from very oversold levels, with the MSCI World Index up nearly 10% from its October low. Though stocks may have further to run, in line with seasonal patterns and post US mid-term election outcomes, we are not yet convinced that this marks a break from the structural downturn. The rally is likely to be rather short-lived as any policy pivot proves modest.

Global government bond yields have come off their cycle highs but remain roughly unchanged since the beginning of October. While the direction of travel for yields should be lower based on fundamentals, volatility is unusually high and requires a degree of caution near term. Cash credit markets have been disappointing, lagging the equity rally, though CDS has done substantially better. European Investment Grade credit remains appealing given attractive valuations that largely factor in the recessionary outlook, which is not the case for US Investment Grade nor High Yield on either side of the Atlantic.

	Key developments	Zurich's view
Global	<ul style="list-style-type: none"> Global growth weakens further in Q4 amid depressed business and household sentiment Inflation remains elevated, but price pressures are shifting from goods to services amid tight labour markets and brisk wage inflation Central banks tone down their hawkish stance as financial conditions deteriorate sharply on surging borrowing costs 	<p>Survey data point to a further deceleration in the global economy in Q4, with the Flash PMIs weakening notably for major regions and sentiment remaining at recessionary levels. Financial conditions have tightened further, partly reflecting dislocations in global bond markets. Along with the surge in the US dollar, this is yet another headwind to growth, with weaker emerging markets particularly vulnerable. While inflation remains uncomfortably high in most regions, upward pressure on goods prices has eased, providing a disinflationary impulse across regions. Though some central banks have tempered their hawkish positioning, focus will remain on inflation near term, with labour market tightness at the fore.</p>
US	<ul style="list-style-type: none"> ISM Manufacturing new orders fall to 47.1, signaling a contraction Headline inflation slows to 8.2% YoY, but core CPI reaccelerates to 6.6% YoY The S&P 500 rebounds by more than 10% from its recent low 	<p>Growth is slowing further with the ISM Manufacturing survey falling to 50.9 in September, the lowest level since May 2020. Both new orders and employment dipped into contractionary territory. As was the case in previous downturns, service activity is more resilient for now but is likely to weaken too given the Fed's aggressive tightening. Tighter policy is particularly visible in the housing market where activity has fallen markedly. The NAHB survey fell to the lowest in more than a decade, excluding the brief dip during the Covid lockdown in spring 2020. Despite the deteriorating outlook and reflecting very bearish investor sentiment, the S&P 500 has rebounded from its recent lows, though the risk of another setback remains high unless the Fed shifts to a more dovish stance.</p>
UK	<ul style="list-style-type: none"> Liz Truss resigns, becoming the shortest-serving PM in UK history Business activity slows further, with manufacturing and services likely to contract High inflation and a deteriorating outlook weigh on consumer sentiment 	<p>Liz Truss resigned as Prime Minister last month after only six weeks in office, becoming the shortest-serving PM in UK history. Meanwhile, markets have calmed since most of the tax cut plans that caused massive market turmoil were scrapped after an intervention by the BoE to avoid a collapse in the gilt market. Sterling has climbed back to its highest level since mid-September and longer-term gilt yields are roughly back to levels seen before the announcement of the mini budget. The new PM, Rishi Sunak, faces substantial challenges with the economy heading for recession and inflation rates still above 10%. Consumer sentiment remains close to the lowest on record and the Composite PMI dipped to 47.2 in October, the lowest since January 2021. The FTSE 100 is lagging most other developed markets.</p>
Eurozone	<ul style="list-style-type: none"> The ECB raises rates by another 75bps as inflation nearly hits double-digits Hard data to catch up with downbeat surveys as recession looms EU leaders agree on further interventions in energy markets 	<p>Most business surveys for October, such as the PMIs and German ifo, suggest that the Eurozone is now in recession. Admittedly, the hard data has not deteriorated as much. However, this data is less timely (for example, the latest industrial production and retail sales reports available are for August) and we expect it to worsen over the next few months. On a brighter note, natural gas prices have declined sharply since late-August, probably due to mild weather so far, and gas reserve levels that are close to full capacity. However, the winter has not started in earnest yet. Finally, the ECB raised rates by another 75bps, bringing the deposit rate to 1.50%, as inflation remained extremely elevated at 9.9% in September. We expect a 50bp increase at the December meeting.</p>
Switzerland	<ul style="list-style-type: none"> Economic activity is resilient, helped by brisk domestic demand and solid manufacturing output and new orders Inflation remains benign, but electricity price hikes and a tight labour market pose upside risk in coming quarters Further rate hikes and FX market intervention to prevent a weaker franc are expected from the SNB 	<p>Both the inflation and the growth outlook remain relatively benign in Switzerland. Consumer prices fell by 0.2% MoM in September, with core CPI flat at 2% YoY. This marked the first month with falling prices since 2020, helped by declining energy prices and a stronger franc. Activity is also resilient, with the latest Manufacturing PMI at 54.9, only modestly down from September and consistent with further expansion. Hard data, including retail sales and exports, also point to growth, albeit at a moderate pace. While the economic situation is positive, this is no time for complacency, with steep electricity price hikes announced for 2023, and a fraught external backdrop. We expect the SNB to continue to intervene in FX markets to strengthen the franc, and further rate hikes are expected.</p>

Key developments	Zurich's view
<p>Japan</p> <ul style="list-style-type: none"> The public fiscal spending package is expected to boost GDP growth by up to 1% Monetary policy remains unchanged, but the BoJ has revised up its inflation forecast Japanese equities are taking a pause following two months of outperformance 	<p>Following a strong recovery, Japan's manufacturing sector outlook appears to be rolling over again while domestic services consumption is benefitting from a marked slowdown in new Covid infections and a likely resumption of subsidised travel coupons. The government has announced a fiscal stimulus package totalling JPY 39tn, of which JPY 29tn is central government spending, financed by a supplementary budget. The package is expected to boost GDP growth by up to 1%. The Bank of Japan has not changed its monetary policy settings but has revised up its inflation forecast for this and the two following fiscal years, while revising down its growth forecast. Following two months of outperformance, Japanese equities have recently rolled over versus global equities, while the USDJPY hovers below the 150 mark.</p>
<p>China</p> <ul style="list-style-type: none"> China's CPC has strengthened General Secretary Xi Jinping's position Q3 GDP growth was better than expected, but retail sales and the property market remain soft The MSCI China has declined significantly in absolute terms and relative to global stocks 	<p>China's 20th Communist Party Congress (CPC), a twice in a decade event, and the first Plenary Session concluded with General Secretary Xi Jinping manifesting his power base and core role within the party. New Politburo and CP Standing Committee members have mainly been selected based on loyalty to Xi. 'Security' was one of the core themes, as was the quality of economic growth, highlighting that investments into technology and environmental protection will be a major focus going forward. The Zero Covid policy will continue. In aggregate, investors were not amused, and 'H'-shares tumbled 8.9%, while domestic 'A'-shares lost 5.4% within a week. Better than expected growth in Q3, up 3.9% QoQ and YoY, was driven by infrastructure investments while retail sales and the property market remain lacklustre.</p>
<p>Australia</p> <ul style="list-style-type: none"> The RBA surprised with a 25bp policy rate hike in October vs. expectations of 50bp, highlighting concerns about growth Australia's inflation rate increased by 1.8% QoQ in Q3, well ahead of market expectations, arguing for a 50bp hike in November Australian bond yields fell following the dovish RBA rate hike while equities rallied 	<p>The RBA surprised by hiking policy rates by only 25bps to 2.6% on concerns over global growth. However, later in the month, Australian CPI data surprised to the upside, increasing 1.8% QoQ and 7.3% YoY in Q3. The inflation report also showed broadening price pressures, with over 90% of expenditure items recording price gains of more than 2.5%. Higher inflation will increase pressure on the RBA to hike by 50bps in November. Meanwhile, the labour market showed early signs of slowing growth, with 1k new jobs created in September vs. market expectations of a 25k increase, and house prices continued to decline, falling by 1.4% in September. Domestic growth will continue to moderate as the impact of recent rate hikes flows through to the broader Australian economy.</p>
<p>ASEAN</p> <ul style="list-style-type: none"> Malaysia goes to the polls on November 19 Indonesia continues frontloading its policy rate hikes to tackle inflation Export growth moderates from previous highs 	<p>Malaysia's fiscal budget was unveiled for 2023, with the 2022 growth forecast revised upwards to 6.5-7% and 2023 expected at 4-5%. Malaysia will also be voting for its next prime minister on November 19. September PMI data showed some weakening after five months of expansion, due to some softness seen in external demand. Export growth moderated, with momentum likely to ease going forward, but remained relatively high against regional peers for both Malaysia and Indonesia. As expected, Indonesia continued to raise its rates to tackle inflation and protect the Rupiah. However, to support consumption, BI also extended looser credit rules on property purchases and auto loans from the end of 2022 until the end of 2023. We expect two more hikes in the last two remaining policy meetings for 2022.</p>
<p>LatAm</p> <ul style="list-style-type: none"> The central bank announces the end of the monetary tightening cycle in Chile, inflation expectations continue to fall in Brazil In Brazil, former president Lula is elected president by a small margin Economic activity surprised to the upside in Mexico, while inflation continues to be a concern, remaining at 8.7% YoY 	<p>In Brazil, the economic outlook remains positive, with a robust service sector and unemployment falling to 8.7% in September. However, monthly economic activity disappointed in August, falling 1.1%, which suggests a moderation in the GDP growth in the coming quarters. Monthly inflation fell again on the back of tax cuts, and annual inflation continued to decelerate rapidly, reaching 7.2% YoY. The central bank kept the Selic rate at 13.75%. In Chile, inflation decelerated for the first time since February 2021 but remained elevated at 13.7%. The central bank hiked the policy rate to 11.25% and announced the end of the tightening cycle amid a deterioration in the economic outlook and lower inflation expectations. In Mexico, monthly economic activity surprised the upside, driven by the manufacturing and service sectors.</p>

Valuation snapshot (MSCI Indices)

Current trailing valuations

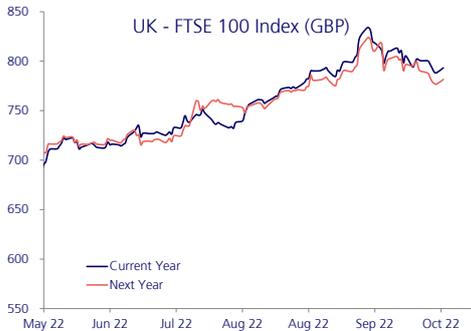
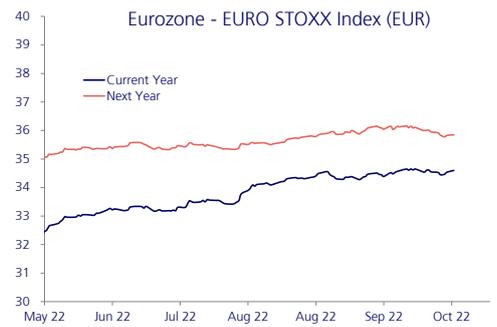
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	18.29	13.48	10.63	15.60	13.68	12.91	13.29	5.71	12.26
12m Trailing P/B	3.62	1.68	1.55	2.88	1.21	1.50	1.28	1.55	1.72
12m Trailing P/CF	14.25	7.27	7.15	10.53	9.20	8.10	7.23	5.67	6.48
Dividend Yield	1.78	3.42	4.13	3.14	2.71	3.39	2.66	14.16	3.96
ROE	19.80	12.44	14.59	18.47	8.88	11.60	9.62	27.21	14.04

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.18	0.87	0.68	1.00	0.88	0.83	0.86	0.37	0.79
12m Trailing P/B	1.52	0.70	0.65	1.21	0.51	0.63	0.54	0.65	0.72
12m Trailing P/CF	1.30	0.67	0.65	0.96	0.84	0.74	0.66	0.52	0.59
Dividend Yield	0.72	1.39	1.68	1.28	1.10	1.38	1.08	5.75	1.61
ROE	1.29	0.81	0.95	1.20	0.58	0.76	0.63	1.77	0.91

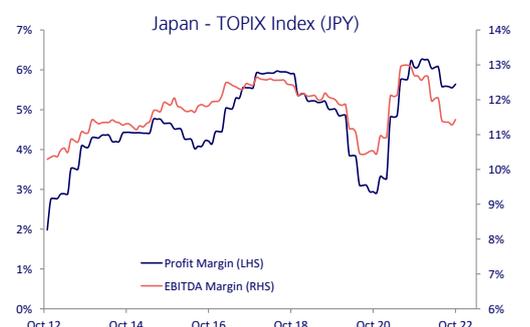
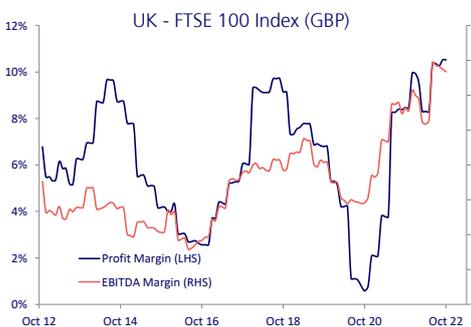
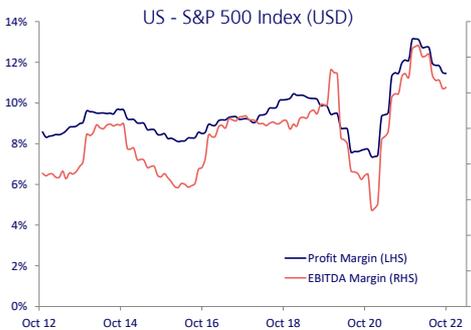
Source: Datastream

Earnings estimates - Full fiscal years



Source: Bloomberg

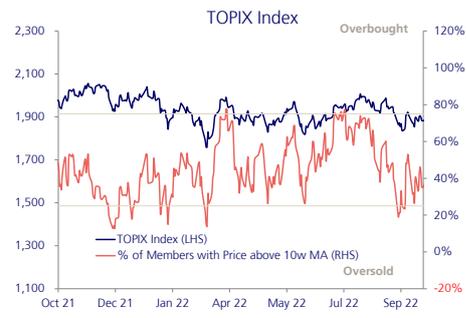
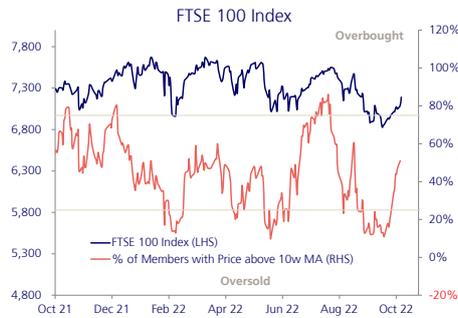
Historical margins



Source: Bloomberg

Source: Bloomberg

Overbought / Oversold



Source: Bloomberg

Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Nov-22	1m ago	3m ago	1yr ago
UK	-57	26	-79	-49
Germany	-190	-172	-183	-166
Switzerland	-290	-259	-223	-157
Japan	-373	-358	-252	-146
Australia	-22	6	37	35
China	-132	-108	3	139
South Korea	24	25	42	95
Malaysia	38	63	123	206
Indonesia	351	354	452	454
Thailand	-79		-30	43
Philippines	8	n/a	n/a	n/a
Brazil	789	n/a	1,019	1,079
Mexico	587	584	578	605
Colombia	981	895	901	n/a
Peru	442	493	530	427

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Nov-22	1m ago	3m ago	1yr ago
France	53	61	57	38
Netherlands	29	32	31	15
Belgium	59	66	60	34
Austria	69	71	57	25
Ireland	48	58	61	43
Italy	211	241	212	132
Spain	108	118	111	73
Portugal	100	107	104	65

Source: Bloomberg, ZIG

Economic data

US	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Trend*
ISM Manufacturing (Index)	60.8	60.6	58.8	57.6	58.6	57.1	55.4	56.1	53.0	52.8	52.8	50.9		down
ISM Non-Manufacturing (Index)	66.7	68.4	62.3	59.9	56.5	58.3	57.1	55.9	55.3	56.7	56.9	56.7		up
Durable Goods (% MoM)	1.5	1.4	0.9	3.1	-0.7	0.7	0.4	0.8	2.3	-0.1	0.2	0.4		down
Consumer Confidence (Index)	111.6	111.9	115.2	111.1	105.7	107.6	108.6	103.2	98.4	95.3	103.6	107.8	102.5	up
Retail Sales (% MoM)	16.5	18.6	16.8	13.7	17.7	7.1	7.8	8.7	8.8	10.0	9.4	8.2		up
Unemployment Rate (%)	4.6	4.2	3.9	4.0	3.8	3.6	3.6	3.6	3.6	3.5	3.7	3.5		down
Avg Hourly Earnings YoY (% YoY)	6.4	6.5	6.2	6.7	6.7	6.7	6.6	6.4	6.4	6.2	6.0	5.8		down
Change in Payrolls ('000, MoM)	677.0	647.0	588.0	504.0	714.0	398.0	368.0	386.0	293.0	537.0	315.0	263.0		up
PCE (% YoY)	4.3	4.8	5.0	5.2	5.4	5.4	5.0	4.9	5.0	4.7	4.9	5.1		down
GDP (% YoY, QoQ, Annualized)			7.0			-1.6			-0.6			2.6		up
UK	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Trend*
PMI Services (Index)	59.1	58.5	53.6	54.1	60.5	62.6	58.9	53.4	54.3	52.6	50.9	50.0	47.5	down
Consumer Confidence (Index)	-17.0	-14.0	-15.0	-19.0	-26.0	-31.0	-38.0	-40.0	-41.0	-41.0	-44.0	-49.0	-47.0	down
Unemployment Rate (%)	4.2	4.1	4.0	4.0	3.8	3.7	3.8	3.8	3.8	3.6	3.5			down
CPI (% YoY)	4.2	5.1	5.4	5.5	6.2	7.0	9.0	9.1	9.4	10.1	9.9	10.1		up
GDP (% YoY)			8.9			10.9			4.4					
Eurozone	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Trend*
PMI Manufacturing (Index)	58.3	58.4	58.0	58.7	58.2	56.5	55.5	54.6	52.1	49.8	49.6	48.4	46.6	down
PMI Services (Index)	54.6	55.9	53.1	51.1	55.5	55.6	57.7	56.1	53.0	51.2	49.8	48.8	48.2	down
IFO Business Climate (Index)	97.9	97.0	95.0	96.0	98.8	90.7	92.0	93.3	92.3	88.6	88.6	84.4	84.3	down
Industrial Production (% MoM)	-1.0	2.7	1.4	-0.8	0.5	-1.6	0.0	1.3	1.0	-2.3	1.5			down
Factory Orders GE (% MoM)	-5.9	3.0	2.4	3.0	-1.6	-4.8	-1.7	-0.2	-0.3	1.9	-2.4			up
Unemployment Rate (%)	7.3	7.1	7.0	6.9	6.8	6.8	6.7	6.7	6.7	6.6	6.6			down
M3 Growth (% YoY, 3 months MA)	7.7	7.3	6.9	6.5	6.4	6.2	6.1	5.8	5.7	5.7	6.1	6.3		up
CPI (% YoY)	4.1	4.9	5.0	5.1	5.9	7.4	7.4	8.1	8.6	8.9	9.1	9.9	10.7	up
Core CPI (% YoY)	2.0	2.6	2.6	2.3	2.7	3.0	3.5	3.8	3.7	4.0	4.3	4.8	5.0	up
GDP (% QoQ)			0.5			0.6			0.8			0.2		down
Switzerland	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Trend*
KOF Leading Indicator (Index)	110.0	107.2	107.2	107.1	105.1	99.2	103.0	96.8	96.1	90.5	93.5	92.3	90.9	down
PMI Manufacturing (Index)	65.7	63.8	64.2	63.8	62.6	64.0	62.5	60.0	59.1	58.0	56.4	57.1	54.9	down
Real Retail Sales (% YoY)	1.8	4.8	0.0	6.3	13.3	-6.1	-5.8	-2.0	0.1	2.5	2.1	3.2		up
Trade Balance (Billion, CHF)	5.3	6.0	3.5	3.1	5.9	2.8	4.1	3.1	3.7	3.7	3.3	4.0		up
CPI (% YoY)	1.2	1.5	1.5	1.6	2.2	2.4	2.5	2.9	3.4	3.4	3.5	3.3		up
Japan	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Trend*
Nomura Manufacturing PMI (Index)	53.2	54.5	54.3	55.4	52.7	54.1	53.5	53.3	52.7	52.1	51.5	50.8	50.7	down
Machine Orders (% YoY)	2.9	11.6	5.1	5.1	4.3	7.6	19.0	7.4	6.5	12.8	9.7			down
Industrial Production (% YoY)	-4.3	4.8	2.2	-0.8	0.5	-1.7	-4.9	-3.1	-2.8	-2.0	5.8	9.8		up
ECO Watchers Survey (Index)	56.2	58.5	58.6	35.9	36.6	48.9	50.7	52.6	51.8	43.5	44.8	49.6		down
Jobs to Applicants Ratio (Index)	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3		up
Labour Cash Earnings (% YoY)	0.2	0.8	-0.4	1.1	1.2	2.0	1.3	1.0	2.0	1.3	1.7			down
Department Store Sales (% YoY)	2.9	8.1	8.8	15.6	-0.7	4.6	19.0	57.8	11.7	9.6	26.1	20.2		down
Money Supply M2 (% YoY)	4.2	4.0	3.7	3.6	3.6	3.5	3.4	3.1	3.3	3.4	3.4	3.3		up
CPI Ex Food & Energy (% YoY)	-1.2	-1.2	-1.3	-1.9	-1.8	-1.6	0.1	0.2	0.2	0.4	0.7	0.9		up
Exports (% YoY)	9.4	20.5	17.5	9.6	19.1	14.7	12.5	15.8	19.3	19.0	22.0	28.9		up
China	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Trend*
PMI Manufacturing (Index)	49.2	50.1	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	down
Industrial Production (% YoY)	3.5	3.8	4.3			5.0	-2.9	0.7	3.9	3.8	4.2	6.3		up
Retail Sales (% YoY)	4.9	3.9	1.7			-3.5	-11.1	-6.7	3.1	2.7	5.4	2.5		up
PPI (% YoY)	13.5	12.9	10.3	9.1	8.8	8.3	8.0	6.4	6.1	4.2	2.3	0.9		down
Exports (% YoY)	26.9	21.7	20.9	23.9	6.0	14.4	3.5	16.3	17.4	17.8	7.1	5.7		down
CPI (% YoY)	1.5	2.3	1.5	0.9	0.9	1.5	2.1	2.1	2.5	2.7	2.5	2.8		up
RRR (%)	12.0	12.0	11.5	11.5	11.5	11.5	11.3	11.3	11.3	11.3	11.3	11.3	11.3	neutral
GDP (% YoY)			4.0			4.8			0.4			3.9		up
PMI Non Manufacturing (Index)	49.2	50.1	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Appendix 5

Economic data

Australia	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Trend*
AiG Manufacturing (Index)	50.4	54.8	48.4	48.4	53.2	55.7	58.5	52.4	54.0	52.5	49.3	50.2		down
AiG Service (Index)	47.6	49.6	56.2	56.2	60.0	56.2	57.8	49.2	48.8	51.7	53.3	48.0		down
Westpac Consumer Confidence (% MoM)	-1.5	0.6	-1.0	-2.0	-1.3	-4.2	-0.9	-5.6	-4.5	-3.0	-3.0	3.9	-0.9	up
Building Approvals (% YoY)	-7.7	-8.2	-10.3	-22.2	-7.5	-33.6	-24.9	-19.8	-16.5	-25.5	-9.5			up
Employment Change ('000, MoM)	-48.5	390.5	70.0	19.4	105.5	35.8	10.2	39.3	68.4	-36.7	36.3	0.9		down

Brazil	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Trend*
CPI (% YoY)	10.7	10.7	10.1	10.4	10.5	11.3	12.1	11.7	11.9	10.1	8.7	7.2		down
Industrial Production (% YoY)	-4.1	-7.8	-4.4	-5.0	-7.3	-4.1	-1.9	-0.5	0.5	-0.4	-0.4	2.8		up
Retail Sales (% YoY)	-5.2	-6.8	-4.2	-2.9	-1.5	1.3	4.9	4.5	-0.2	-0.1	-5.3	1.6		down
Trade Balance (Millions, USD)	2063.7	-1110.1	4012.9	-29.5	4636.6	7591.6	8188.2	5000.3	8933.1	5380.3	4026.7	3991.4		down
Budget Balance Primary (Billions, BRL)	-25.0	-26.6	-54.2	84.1	-22.5	-26.5	-41.0	-66.0	-83.8	-22.5	-65.9	-60.6		up

Chile	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Trend*
IMACEC Economic Activity Index (% YoY)	13.93	13.57	8.84	8.91	6.78	6.60	6.68	6.14	3.27	1.00	-0.02			down
CPI (% YoY)	6.03	6.70	7.17	7.70	7.81	9.41	10.52	11.55	12.49	13.12	14.09	13.73		up
Retail Sales (% YoY)	15.43	14.22	13.48	10.62	11.02	19.58	-5.26	-6.08	-11.14	-13.44	-14.29			down
Industrial Production (% YoY)	1.33	2.75	1.72	-1.10	-2.96	0.85	-3.61	1.78	-1.49	-5.07	-5.04	-1.58		down
Unemployment (%)	8.10	7.50	7.20	7.30	7.50	7.80	7.70	7.80	7.80	7.90	7.90	8.00		up

Mexico	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Trend*
PMI (Index)	51.3	50.9	52.9	48.2	51.0	51.8	52.4	50.9	49.5	51.2	49.5	50.1		down
CPI (% YoY)	6.2	7.4	7.4	7.1	7.3	7.5	7.7	7.7	8.0	8.2	8.7	8.7		up
Retail Sales (% YoY)	5.5	5.5	5.2	6.6	6.3	3.7	4.6	5.1	4.0	5.0	4.7			down
Industrial Production (% YoY)	0.0	2.7	3.7	3.7	6.9	3.6	3.9	6.1	5.1	5.1	8.1			down
Remittances (Millions, USD)	4822.1	4661.6	4752.3	3918.2	3911.3	4692.5	4707.8	5141.9	5144.0	5296.8	5121.5			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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